Austria ... Sch. 15	Indonesia .. Rp 1600	Philippines Pes 20
Bahrain .. Din 0.650	Italy .... L 1100	Portugal ... Esc 65
Belgium .... BFr 35	Japan Y550	S. Arabia . Rls 8.00
Canada ... C$2.50	Jordan .... Fils 500	Singapore . S$ 4.10
Denmark .. Dkr 7.00	Kuwait .... Fils 500	Spain ...... Pta 95
Egypt .... E£1.00	Lebanon .. £L 6.00	Sweden . Skr 6.50
Finland .. Fmk 5.00	Luxembourg . LFr 35	Switzerland . SwFr 2
France .. FFr 5.00	Malaysia .. Ris 4.25	Tunisia .. Din 0.600
Germany . DM 2.00	Morocco .. Dh 6.00	Turkey .... L 130
Greece ...... Dr 60	Netherlands . Fl 2.25	U.A.E. ... Dh 6.50
India .... Rup. 15	Norway .. Nkr 6.00	U.S.A. $1.50

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Effects of price cuts on the world's oil-producers, P 3

NEWS SUMMARY

GENERAL

Shamir in U.S. talks on Lebanon

Mr Yitzhak Shamir, the Israeli Foreign Minister, will hold top-level talks with the Reagan Administration in Washington at the weekend, amid increasing signs that Israel is softening its previous hard stance on withdrawing its 30,000 troops from Lebanon, writes Reginald Dale in Washington.

Israel was reported yesterday to be backing away from two of its main demands in the long-running force withdrawal negotiations with the Lebanese Government, apparently under U.S. pressure.

These were its insistence on keeping a significant body of troops in monitoring stations in southern Lebanon to protect its northern frontier, and its demand for a wide-ranging agreement "normalising" relations with the Lebanese Government.

In Israel Mr Shamir was reported to have proposed that U.S. peacekeeping forces could help to patrol southern Lebanon to protect the border – an idea hinted at by President Ronald Reagan two weeks ago.

U.S. initiative call

Nato Governments, led by Britain and West Germany, want the U.S. to launch a new initiative on limiting medium-range missiles in Europe before the Geneva talks adjourn on March 28: Page 4

Soviet Baltic offer

Soviet General Nikolai Tjervov said on Swedish television that the Soviet Union would be ready to withdraw its six nuclear submarines from the Baltic Sea if a Nordic nuclear weapon-free zone was established.

Chinese missile view

China attacked a Soviet proposal to divert some SS-20 missiles to the Far East and said the weapons should be destroyed: Page 3

Detainee hanged

Tembuyise Mndawe, a black man detained on terrorism charges, was found dead in a police cell at Nelspruit, Transvaal. A police commissioner said he apparently hanged himself.

Salvador aid terms

U.S. Congress leaders of both parties told President Ronald Reagan that approval of new U.S. aid to El Salvador must be dependent on human rights reforms and fair elections.

Argentina says No

Argentina will not take part in the annual naval exercise with the U.S. and South American navies because of U.S. support for Britain in the Falklands conflict.

Marseilles explosion

Two men were killed in Marseilles when their car blew up before what police believe was an intended attack on a synagogue. Later the local branch of Bank Leumi le-Israel was evacuated after an anonymous bomb threat.

Turkish mine blast

At least 97 miners were killed in Turkey's Zonguldak province bordering the Black Sea, when a methane gas explosion caused the roof of the pit to collapse.

Briefly . . .

Sir William Walton, 80, British composer, died in Ischia, Italy. Obituary, Page 13.

Greek call for return of Elgin marbles will be discussed by Unesco committee in April.

Drought has killed nearly 100 in Ethiopia's Gondar region.

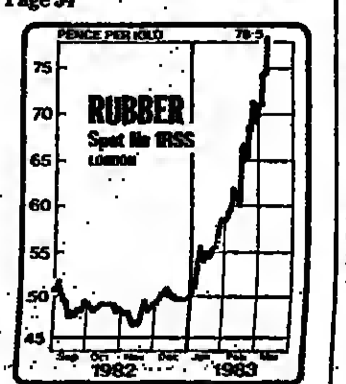
BUSINESS

Pratt & Whitney air deal expected

● PRATT & WHITNEY of the U.S. expects to sign an agreement this week covering a major new five-nation, seven-company effort to develop a commercial jet engine for a proposed 150-seat aircraft. Other companies involved are Rolls Royce of the UK, Motoren und Turbinen (West Germany), Fiat (Italy) and three companies forming Japanese Aero Engines Corporation.

● ARGENTINA said foreign creditors were not facing a major default following the decision to defer payments due this month on about $1.4bn of short-term foreign debts. Cuba has signed an agreement with Western creditor nations pledging tough action to improve its balance of payments. Page 4

● STERLING fell to record lows, losing 1.7c to $1.5005, and closing at DM 3.605 (DM 3.63), FFr 10.2425 (FFr 10.36), SwFr 3.0925 (SwFr 3.105), and Y357.75 (Y358.5). Its Bank of England trade-weighted index, struck before the close, was unchanged at 79.6. In New York it closed even lower, at $1.49525. Page 34



● DOLLAR was firmer at DM 2.4015 (DM 2.2391), FFr 6.8275 (FFr 6.827), SwFr 2.059 (SwFr 2.045), and Y238.3 (Y236). Its trade weighting rose from 119.5 to 121. Page 34

● GOLD closed unchanged at $421.5 in London. In Frankfurt it ended $2 down at $418.5, and in Zurich it was unchanged at $419.5. Page 31

● RUBBER prices reached their highest for more than three years in London, with the RSS No 1 spot price 4p up to 78.5p ($1.18) a kilo and the May futures quotation £47.5 up at £781 ($1171.9) a tonne. Page 31

● LONDON: FT Industrial Ordinary index eased 1.5 to 664.6. Government Securities were marked down almost 0.5 per cent on average. Page 27. FT Share Information Service, Pages 32, 33

● WALL STREET: Dow Jones Index closed down 21.96 at 1119.78. Page 27. Share Listings, Page 28–30

● TOKYO: Nikkei Dow Index gained 14.17 to close at 8026.99, but the Stock Exchange index slipped 0.75 to 591.72. Pages 27, 30

● HONG KONG: Hang Seng Index edged up 0.99 to 1014.84. Pages 27, 30

● AUSTRALIAN all-share index improved by 133.7 to 527.1. Pages 27, 30

● FRANKFURT: Commerzbank index fell 7.2 to 837.2. Pages 27, 30

● ITT, the U.S. telecommunications conglomerate, lifted net earnings last year from $677m to $703m, but revenues slipped from $23.2bn to $21.9bn.

● NEW ZEALAND followed Australia's 10 per cent devaluation with a 6 per cent devaluation. Papua New Guinea made a 5.5 per cent cut. Deficit shock for Hawke, Page 3

The Financial Times regrets that, due to a satellite failure from New York yesterday's edition carried greatly reduced Wall Street prices. In consequence, some aspects of the issue were not as planned. Our normal service is resumed today.

Belgium lifts interest rates to support franc

$ strong as strains grow within EMS

BY JEREMY STONE IN LONDON

MARKET PRESSURE for a realignment of the European Monetary System intensified yesterday. World currency markets were also hit by signs of higher dollar interest rates and renewed fears of a slide in the oil price.

Ceotral bank support failed to prevent the Belgian franc from reaching its floor price against the D-Mark. The Belgian National Bank subsequently raised its main interest rates by 2½ points, lifting the discount rate to 14 per cent.

The Bank of France prolonged its squeeze on Eurofranc interest rates, which remained above 100 per cent for periods of a week or less.

This policy was at least successful in keeping the franc clear of its EMS floor against the D-Mark, which had been breached for a few minutes on Monday. But dealers still expected that the French currency would come under fresh pressure towards the weekend.

Other EMS members also suffered from the D-Mark's strength in the wake of Chancellor Helmut Kohl's election victory oo Sunday. The Danish krone was close to its EMS floor of DM 0.27715, while the lira reached a record low against the D-Mark to close in Rome yesterday at L592. Since last Friday, the lira has lost between 1.3 and 2.3 per cent against all EMS currencies.

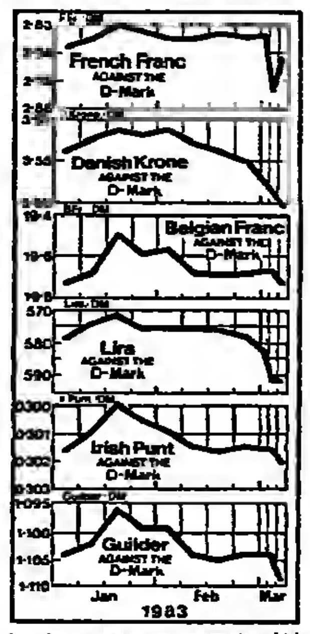
Mr Paul Volcker, chairman of the Federal Reserve Board, meanwhile caused an already strong dollar to rise sharply late in European trading when he told a congressional committee that inflation fears would prevent interest rates in the U.S. from falling as much as had been expected. Eurodollar rates hardened, and the Fed funds rate was marginally higher early in New York.

Pessimistic reports about progress at the meeting of oil ministers contributed to a weaker trend in sterling, which closed in London at its record low against the German currency of DM 3.6050. At the same time it lost 1.7 cents to close against the dollar at $1.5005.

Early trading in the U.S. markets further eroded the value of sterling, as speculators on the International Monetary Market in Chicago apparently used their pounds to buy dollar positions. Within an hour of the London close, sterling had fallen in New York by almost another half-cent to $1.4960. It closed still lower at $1.49525.

Giles Merritt writes from Brussels: The sharp rise in key Belgian interest rates is understood to reflect the Belgian central bank's concern that it would otherwise be forced to continue its present heavy level of support-buying of the Belgian franc until the next EMS realignment.

Belgian foreign-exchange dealers do not expect any realignment until after next Sunday's second round of voting in the French municipal elections. Last week alone, the central bank was reported to have used some BFr 10bn to BFr 15bn – from reserves of around BFr 80bn – to support the franc.



London currency movements within EMS range

The raising of Belgian interest rates marks a turnround in the general trend that has followed the franc's devaluatioo in February 1982 by 8.5 per cent. Since then, Belgium was able to keep step with the general international slackening in interest rates with a series of small reductions, the last of which was posted in November last year.

James Buxton writes from Rome: The decline in the value of the lira against other EMS currencies mainly reflects the major readjustment taking place in the parities of both the D-Mark and the French franc.

The Italian currency is still close to the central rate within the EMS against most currencies.

It is possible, however, that if, as expected, there is shortly a realignment in the central parities of the EMS, the lira may be marginally involved.

Australia's devaluation, Page 3; Market reports, Page 27; Currencies, Page 34

Monetary growth too high, says Volcker

By Anatole Kaletsky in Washington

MR PAUL VOLCKER, chairman of the Federal Reserve Board, indicated yesterday that he was becoming increasingly concerned again about the growth of the U.S. money supply, after a period in which the Fed has taken a relaxed view of monetary growth because of distortions in the figures and the depressed state of the domestic and world economies.

Testifying before the House of Representatives Budget Committee, Mr Volcker said that the M-1 narrow monetary aggregate had been "rising higher than is compatible" with continuing progress against inflation in the long term. He warned that this is "something we have to keep our eye on very closely" and he suggested that the Fed might try to get M-1 growth back within its target range over the next six months.

The M-1 target announced by Mr Volcker last month allows for growth of between 4 and 8 per cent this year. Over the past three months, M-1 has been growing at an annual rate of 13.3 per cent. But much of this growth has been due to statistical distortions and Mr Volcker had repeatedly emphasised in the past that the M-1 figures would be given relatively little weight.

In the past few weeks, however, Mr Volcker has increasingly stressed monetary targets in an effort to reassure investors who are worried that broader monetary aggregates, as well as M-1, are growing more rapidly than expected.

British miners appear to reject strike

BY JOHN LLOYD, LABOUR EDITOR, IN LONDON

MINEWORKERS in the UK appeared last night to have decisively rejected national strike action against pit closures, and against giving support to the South Wales mineworkers who are io the second week of a strike in protest at the closure of a colliery there.

Some Coal Board officials believe that the result, to be announced tomorrow, may show a greater majority against strike action than the 61 per cent rejectioo of industrial actioo recorded in a ballot which linked pay and closures.

The "weathervane" area of Derbyshire was forecast to have voted by 62 or 63 per cent against, compared with 60 per cent in November.

Mr Peter Heathfield, a North Derbyshire miners' union official, conceded last night that the vote had been lost, though he estimated that the margin was the same as in the last ballot.

This result, if confirmed when the votes are announced at the meeting of National Union of Mineworkers' (NUM) executive tomorrow, is a heavy blow to Mr Arthur Scargill, the NUM presideot, to the dominant left leadership and to the South Wales miners, who sent pickets to coalfields up and down the country in an attempt to get a strike vote.

Mr Scargill warned last week that a rejection of the executive's call for a strike would mean that the union's policy to fight every closure, laid down at its conference last summer, would carry oo authority and that "the green light will have been given to close pits."

The miners' have voted after a clear statemeot oo Monday from Mr Norman Siddall, the National Coal Board chairman, that the rate of closures must speed up, and with the possible appointmeot to the NCB chair of Mr Ian MacGregor, the tough chairman of the British Steel Corporation, hanging over them.

Evidenre from the coalfields yesterday pointed to a recognition by miners that high coal stocks made the timing of a strike risky, together with a tendency towards seeing the issue as overblown.

The reaction within the union's executive is unpredictable but could be bitter. Mr Emlyn Williams, the South Wales miners' president, said last night that "the unity of the union is involved" in the ballot.

Mr Des Dutfield, the vice-president said that if the vote had gone against strike actioo "it will be a very, very sad day for the British miners."

UK coal investment, Page 6

Oil price pact under new Nigeria threat

BY RICHARD JOHNS IN LONDON

PROSPECTS for agreement by the Organisation of Petroleum Exporting Countries on a new price structure, between $4 and $5.50 below the present official level and geared more closely to market demand – seemed likely yesterday to founder oo Nigeria's determination to undercut the rate for North Sea oil by 50 cents.

Hopes that Nigeria would bring the price for its high-quality, light crude into line with a $30.50 price per barrel recommended by the British National Oil Corporation – but by oo means accepted by producers and purchasers – seemed to be dashed when Mallam Yahayu Dikko, the African State's Minister of Oil, was confronted by chief delegates of all member states in Loodon.

On this return from a visit to Lagos at the weekend to consult with his Governmeot, he had given Gulf Arab producers some initial indication of a more flexible Nigerian position and williogness to raise Nigeria's price 50 ceots or so from the $30 a barrel to which it was cut two and a half weeks ago.

The deadlock was described by ooe senior official of a member country and an Opec veteran as a "grim" ooe with dire implications for all producers. Mallam Dikko's argument that BNOC would not match a lower Nigerian rate because it did not want to engage in a price war was viewed with scepticism by all other delegations.

Nigeria's determinatioo to capture a larger share of a diminished market from the UK and Norway emerged as a far more serious

Continued on Page 16

Effects on oil-producers, Page 3

Komatsu wins Siberian pipeline order

BY JUREK MARTIN IN TOKYO

KOMATSU, the leading Japanese manufacturer of construction equipment, has won a Y50bn ($210m) order to supply 500 pipelayers to the Siberian natural gas pipeline project.

The contract, signed in Moscow two weeks ago by Mr Kyoichi Kawai, Komatsu's chairman, is the first big Soviet order for Japanese plant machinery since the U.S. sanctions against the Siberian venture were formally ended last November. Major Japanese companies had largely respected the Japanese Government's support for the U.S action.

Nevertheless, Komatsu confirmed yesterday that it would not seek Japanese Government financing to underwrite the Siberian contract. The company acknowledged that this reflected the poor state of political relations between Japan and the Soviet Union.

Although Komatsu refused to discuss details, a likely alternative would be external financing through Euroyen the market (yen deposits placed in banks outside Japan). Nissho-Iwai, C. Itoh and Nichimen, three Japanese trading companies with which Komatsu enjoys a close relationship, have used this method in the past to circumvent governmeot proscriptions on official financing while sanctions were in effect – though for smaller deals than that forged by Komatsu.

Before President Ronald Reagan's impositioo of sanctions in 1981, which were supported by the Japanese Government, Komatsu had coocluded and later shipped a substantial order of pipelaying equipment for Siberia.

The Japanese company kept in touch with the Soviet Union during the sanctions and provisionally agreed last November to sell 120 pipelayers. Mr Kawai was able to nail down on order for an additiooal 380 while in Moscow two weeks ago with the large Japanese trade mission, comprising more than 250 senior corporate officials.

The missioo had been warned by the Japanese Foreign Ministry before leaving Tokyo that government export finance would not be automatically available to facilitate any new contracts signed with the Soviet Union.

Standing government policy is that commercial and political relations with the Soviet Union are in-

Continued on Page 16

De Beers regains Zaire gem contract

BY KENNETH MARSTON, MINING EDITOR

SOUTH AFRICA'S De Beers, the diamond giant headed by Mr Harry Oppenheimer, has regained the contract to buy and market the diamond output of Zaire's state-owned Miba mine.

The move marks an end to fears within De Beers' Central Selling Organisation, which markets more than 80 per cent of world rough (uncut) diamond production, that other countries might follow Zaire's May 1981 decision to break away from the South African diamond cartel and sell independently.

This would have weakened the CSO's grip on the market and its ability to maintain price stability by regulating supplies – an endeavour which has forced it to finance a new $2bn stockpile during the current recession in demand.

In the event, the only other country to break away was Guinea, and that only for the relatively low production planned to start next year in a joint venture with Australia's Bridge Oil.

The new agreement between Zaire and De Beers will run for two years and is then expected to continue on a roll-forward basis. It gives the CSO the exclusive right to buy all Miba's production of industrial and gem diamonds, currently running at about 6m carats a year, worth around $45m. This is about 2 per cent of the total handled by the CSO oo behalf of De Beers and other world diamond producers.

Not all the Zaire diamond production has come back into the CSO net. It is believed that the country also produces diamonds to about the value of Miba's output from alluvial diggings, both legal and illicit. The illicit stones are mostly smuggled out of the country.

In order to combat the smuggling, with its loss of revenue and foreign exchange to the country, Zaire recently allowed diamond dealers to set up independent buying offices.

Importantly, these offices were allowed to pay the diamond sellers a better exchange rate than the ruling official level for the diamonds, which are priced in U.S. dollars.

Industrial Diamond Company, the London business which, with the Caddi and Glasol companies of Antwerp, had been handling the Miba mine's output, will thus oow have to concentrate on this market.

Background, Page 26

Commodore to set up UK computer plant

By Jason Crisp in London

COMMODORE, one of the leading U.S. personal computer companies, is to set up a £20m ($30m) facility to make home computers in the UK steel closure town of Corby, Northamptonshire. This should create 250 new jobs by the end of 1984.

Sharp, the Japanese consumer electronics company, is also looking at the possibility of manufacturing in the UK. It is looking at a number of European sites where it might establish a major plant to make VCRs

Production of home computers will be transferred from Commodore's Brunswick, West Germany, plant to the UK. The Corby plant will become the manufacturing and distribution centre for Europe.

Commodore is one of the three leading U.S. personal computer companies with Apple and Tandy (Radio Shack). However, Commodore has been much more successful in Europe than in the U.S. Net sales in the six months to December 31, 1982, were $280m compared with $142m in the same period in 1981.

IBM's new personal computer, Page 17; Sharp's European search, Page 11

CONTENTS

Dutch Premier faces race against time in EEC jobless black spot

BY WALTER ELLIS IN AMSTERDAM

JUST AS in Britain the figure of 1m unomployed is now considered a suitable subject for nostalgia, so the 1981 average of 385,000 peoplo out of work in the Nethorlands today seems hopelessly remote to the Dutch.

In January the figure had soared to a seasonally adjustod 744,500 and it is probably that at least another 100,000 will havo joined the dolo queues by the end of the year.

The more pessimistic experts forecast a jobless total of 1m within the lifetime of tho present Government, which would almost certainly make the Netherlands, in percentage terms, the worst unomployment blackspot in the EEC.

Depending on what critorion is chosen, between 14.9 and 17 per cent of those seeking employment were left on the shelf in January.

Tho organisation for Economic Co-oporation and Development (OECD) acknowledges tho gravity of the situation in its latest survey on the Nethorlands.

The survey, which says that tho country has moved by any standards from heing a "low" to a "high" unemployment country, observos that "tho high personal and collective living standards, which havo been so characteristic of the Netherlands, are being jeopardised by the need to support a repidly growing share of peopto without work."

Like the present Dutch Government, the OECD is not in favour of "artificial" job-creation. Instead, it advocates a reduction in public sector spending, cuts in social welfare honofits and an increase in investment

Such actions, it argues, "would help importantly to improvo tho functioning of the economy (now deep in recession) and thus restore higher levels of omploymont in the modium term." Many Dutch economists agree, hut for the johless, it is anothor story.

An additional prohlem for the Dutch is that the country's labour force is growing hy nearly 1.5 per cont annually as the result of a bahy boom which persisted until the mid-1960s.

One way or another, then, the Dutch are having to face up to a vision of the future very different to that engendered hy their post-war experience of affluence and "endless" growth.

Until a few years ago, the Netherlands saw itself as leading the vanguard of economic and social enlightenment. Today it is confronted by intractable problems it had sought to banish by hard work, education and investment. Millions of workers are profoundly disillusioned.

Right: Mr de Koning, Minister for Social Welfare

Until a very few years ago, tho Netherlands saw itself as leading tho vanguard of oconomic and social enlightonment. Today, it is confronted by the same intractahle prohlems it had sought to banish by hard work, oducation and investment. Millions of ordinary workers are profoundly disillusioned.

Mr Ruud Lubbers, Prime Minister of the centre-right governing coalition, is, of course, only too well aware of the scale of the problem.

Like Mrs Margaret Thatcher in the UK, however, he still sees a reduction in the level of public spending and a balancing of tho budget as the first priority of his administration. Much of Mr Lubbers' initial energy—and that of his Christian Democrat and Liberal colleagues—has gone into the slashing of departmental and local authority spending programmos and a toughening of tho country's tax regimo.

If he succeeds in his main goal of reducing state borrowing to 7.4 per cent of national incomo by 1986 (compared with a possihlo 11.9 per cent this yoar), Mr Luhbers might well reap long-term electoral dividends.

But if the result of his efforts is morely to increase the numbor out of work whilo at the same time cutting hack on their social security benefits, his chances of a second term must be thought remote.

Leading the Government's fight against the dole queues is Mr Jan de Koning, Minister for Social Wolfare and Employment. Mr de Koning has proposed three basic changes to normal working practices:

● The substitution of a minimum hourly wage for a minimum weekly wago.

● Shorter working weeks.

● Job-sharing and early retirement.

Mr do Koning argues that the introduction of a minimum hourly wage would enahle workers to maintain their basic rates of pay, whilo permitting employors to cut back on wago costs. The suggestion is, of course, intimately linked to a reduced working week, which tho Governmoot is seeking to encourage, but which the trado unions wilt approve only if it is eccompanied by an undertaking from those companies concerned to take on extra workers.

The third proposal, for shared employment and early retirement, has already found acceptance in a number of recent argreements hotween tho unions and major companies, such as Hoogovens, the steel group, and Vroom and Dreesman, tho retall stores operator.

Union leadors are concerned, however, that they are giving ground to employere at a time when the Government is pursuing a deflationary economic policy and are calling for a policy of industrial investment and job creation in growth areas.

Mr Lubbers, for his part, admits that the Government did not have a positive policy on omploymont. The problem was "the key" priority in cabinet, he said, but Mr de Koning's proposals plus, perhaps, a work experience scheme for young peoplo were all that could properly be attempted at present. Everything else depended on sound economic management and a reduction in the public sector deficit.

To help it achieve the reduction, the Government has this year pegged the salaries of the natlon's 700,000 civil servants at 1982 levels and is struggling to loosen the ties that currently link wages to rises in the cost of living. In some instances, union leaders have accepted a suspension of their members' right to a wage rise in return for shorter working days, but they have so far proved extremely reluctant to elevate private deals into public principles.

One glimmer of hope for Mr Luhbers could be contained in the help given to the exchequer by reduced Dutch interest rates.

Mr Herman Ruding, the Finance Minister, told Parliament last week that interest repayments on state borrowings this year would come to only Fl 21.5bn (£5.3bn) if rates stuck at the prevailing 7.5 per cent.

Last autumn, with the rate at 10 per cent, it was feared that the burden would be Fl 25.6bn. At least this may give the Government some leeway.

Iran seeks military use of satellite

BY DAVID MARSH IN PARIS

IRAN is exploring the possibility of using for military intelligence purposes a French earth observatioo satellite system due to be started at the end of next year.

In a hid to make preliminary soundings about the project, which would be highly controversial, Iranian officials recently visited a French aerospace company.

They asked about converting U.S.-delivered communications equipmeot to take data from the first French Spot satellite, due to be launched at the end of 1984.

Tehran, whose diplomatic relations with Paris have sunk to a low ebb because of French support for Iraq in the Gulf war, is believed to be interested in using the Spot system for military surveillance in a key strategic area covering both Iraq and the Soviet Union.

Iran has e ground station delivered by the U.S. during the time of the Shah which is capable of receiving signals from the Landsat observation satellites run by the U.S. space agency Nasa.

The ground station has been out of action for some years but, according to the preliminary contacts, Iran would like France to convert it to receive signals from Spot.

Spot Image, the Toulouse-based company set up to commercialise the system, said Tehran bas had no contact yet with Spot itself.

The spokesman pointed out that Spot was a purely civilian system – planned to be used to help foreign governmenis and private companies in like crop management.

This implies that the French would reject any request from Iran to buy data from the system if there were any question of it being used for military purposes.

The affair highlights tho increasingly blurred distinction between use of observation satellites for commercial and military purposes.

The United Nations has been agonising about finding stricter rules to define such activities. With the number of observation satellites – most of which are run by the U.S. and Soviet Union – likely to rise ever faster, governments are becoming increasingly worried about the "spying" of satellites operated by rival neighbouring countries.

The Spot system is one of the commercial uses of space being promoted by the French space agency CNES. Spot satellites will contain sensors, which will pick out objects as little as 10 metres across.

The most sensitive sensor on board the latest Landsat craft has a resolution, by contrast, of 30 metres.

Spot Image plans to have ground stations operating in Bangladesh, Brazil, Argentina and Thailand.

Bonn talks on migrant tax

By Leslie Colitt in Berlin

WEST GERMANY says it is having "intensive talks" with Romania to urge it to revoke e new tax on emigrants, which is being applied to ethnic Germans in Romania, who want to leave for West Germany.

The Bonn government said previously that Romanian-West German relations would be "strained" if the tax were levied.

The U.S. announced on Friday that it would deprive Romania of its most favoured nation trade status on June 30, if it does not revoke the tax on emigration, which also applies to Romanians seeking to leave for Israel and the U.S.

Romania has called the U.S. measure a violation of international law

French officials in growing debate on money supply

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government has expressed satisfaction that tho growth of the money supply last year was held to 12 per cent but there is a growing debate within the administration on the significance of the figures.

Announcing the provisional money supply figures for the year, the Ministry of Economy said in a communiqué at the end of last week that the 12 per cent figure was within the Governmeot's target range of 12.5–13.5 per cent growth for the year.

Monetary policy, the Ministry said, had thus been in line with the measures taken by the Government to combat inflation and which had reduced the level to below 10 per cent last year.

In fact as officials point out, the overall growth in the mooey supply last year contained two sharply contradictory movemeots.

There was an explosive growth of domestic credit, reflecting the sharply increased financing by the banks of industry's cash requirements, and the growth in the Government's oet borrowing from the banking sector.

On the latest International Monetary Fund figures, total domestic credit extended by the banking sector was 17 per cent higher in September than a year before.

It was thus well above the 4.5–7 per cent credit ceiling set for most types of lending under tho French "encadrement" system and so exacerbating inflationary pressures in the economy.

The rate of domestic credit expansion was in fact higher still in the first half of the year aod slowed in the second.

The contractionary force on the money supply was the sharp drop in foreign exchange reserves mainly because of the Bank of France's defence of the franc.

Because the crude money supply figures have been losing much of their significance, some officials within the Treasury have advocated that the Government should use the IMF concept of "domestic credit expansion" (DCE) as a tool of monetary policy.

The IMF figures for France are calculated on the basis of French statistics, though no French administration has used the DCE concept.

The Socialist Government feels that this would give too much weight to monetary policy which it sees as only a back-up weapon in its anti-inflation policy.

The Governmeot, however, is giving more consideration to introducing the British concept of public sector borrowing requirement (PSBR) – though with a title that would distance it from Thatcher-style policies.

The aim of such a move – still under discussion at official level – would be to give the Government greater cootrol over the management of budget deficits, while alerting public opinion to their size and the economic risk this carries.

France's PSBR this year would be about FFr 220bn ($32.28bn) or far above the figure most quoted by the government of a budget deficit of FFr 120bn – equivalent to 3 per cent of gross national product.

In broad terms a French PSBR would include the budget deficit, the financing requirements of the public sector monopoly corporation, the social security deficit and the deficits of local authorities.

Herr Strauss . . . will be leave Bavaria for Bonn?

Strauss set for battle over shape of coalition

By James Buchan in Bonn

CHANCELLOR Helmut Kohl and Herr Hans - Dietrich Genscher, the chairman of the liberal Free Democrat Party, hold their first private meeting today to discuss the shape of the coalition government triumphantly confirmed in power at Sunday's election.

The meeting takes place amid sporadic fire from Bavaria, suggesting that the Christian Social Union and its 67-year-old leader, Herr Franz-Josef Strauss, are attempting to improve their position in the coalition at the expense of the FDP. The liberals emerged from Sunday's election with 19 fewer seats in the Bundestag. Formal negotiations will begin next week after the state election in Schleswig-Holstein.

Informed opinion in Bonn is sceptical that Herr Strauss will leave his job as prime minister of Bavaria, let alone replace Herr Genscher as Foreign Minister or take over the Finance Ministry, a portfolio he held with distinction in the 1960s. Officials of both CSU and FDP yesterday privately admitted that they "could not conceive of Herr Strauss coming to Bonn."

While nobody denies Herr Strauss ambition members of all three governmont parties make the following points:

● While the CSU achieved an extra seat, Herr Kohl's Christian Democrats gained 17 more than at the last election in 1980 and are well shielded against any charges from Herr Strauss that the south is making the running for the "union" parties.

● Herr Kohl is said personally to want Herr Genscher as Foreign Minister while the FDP seems set to insist on keeping the office for their party chairman. Since the election, the Chancellor has been saying that his "coalition of the centre," not simply the union, had received Sunday's cloar mandate.

● Herr Gorhard Stoltenberg, the incumbent CDU Finance Minister from Schleswig-Holstein, is widely regarded as one of the most able ministers and scored a resounding victory in his own constituency on Sunday. In distributing patronage within the union, Herr Kohl must look not only to the CSU but to the CDU regions and will think carefully before taking the ministry out of northern hands, especially as the northern states contributed well to Sunday's victory.

With the cabinet not expected to be sworn in until the last day of the month, Bonn observers are expecting intense manoeuvring within the coalition and are agreed that the FDP will have to give ground to reflect its diminished strength. The liberals may have to give up one of their four portfolios—although not necessarily to the CSU — and surrender on some cherished policies.

● Herr Hans-Jochen Vogel, the Social Democrat chancellor candidate et last Sunday's general election, was yesterday unanimously elected party floorleader

Brussels admits defeat on butter sales to Moscow

BY JOHN WYLES

THE EUROPEAN Commission has conceded defeat in its efforts to impose rigid controls on subsidised huttor exports to the Soviet Union. In future, it will apply its normal systom of export rebates, subject to some measures to control export quantitios.

The change has been forced on the Commission by relontless pressure from the French Government and hy tho fact that Moscow has not tried to huy a single tonne of EEC hutter since the Commission imposed a tightly controllod tender system last November.

This wes designed to give the Soviot Union the opportunity to purchase supplies for the first time since the mid-1980 EEC omhargo over the Soviot invasion of Afghanistan. However, the Commission sought to control both the quantities and the level of port subsidy because of political opposition in Britain and West Germany and hostility within the European Parliamont.

With EEC hutter stocks rising rapidly towards 300,000 tonnes from just 50,000 tonnes last October, the Commission needs to make a large sale to the Sovlet Union—the world's lergest butter importer—to prevent the ereation of another butter mountain.

It is also acutely aware of Frence's threat to prevent the import of any more hutter from New Zealand after the end of this month unless export opportunities to the Soviet Union were normalised.

The Commission has deliberately delayed an announcemont until after the West German election. But Mr Poul Dalsagor, tho Agriculture Commissionor, told the European Parliament on Monday evening that export restitutions "will he generally available for hutter for all destinations."

This means that an exporter ean apply for the rehate te hridge the gap between world prices and the Community price. But it will have to declare the destlnation of the butter for export and the Commission can delay five days before agreeing to provide the rebato.

Polish reform talks

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S economic reform comittee will meet today amid signs that senior government officials are inteot on clawing back the modicum of power decentralised to enterprises at the beginning of last year.

The economic reform committee is made up of government, officials, academics and managers who drew up Poland's market-orientated reforms. Today's meeting, the first since October, is to discuss progress.

The party weekly Polityka recently published an article by Mr Woldzimierz Cymbala, an adviser to Mr Janusz Obodowsky, a deputy premier and Poland's top economic decision maker, which in effect calls for a return to the command methods in the economy which were discredited in the 1970s.

It openly criticises Mr Waldyslaw Baka, the minister in charge of implemeoting the reforms, for wanting to give away too much power to eoterprises.

● Yesterday at noon about 100 students at Warsaw University marked the 15th anniversary of student demonstrations there by laying flowers at a plaque in the university courtyard and singing

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Japanese jobless at highest level for 30 years

BY JUREK MARTIN IN TOKYO

JAPANESE unemployment rose in January to the highest levet since the government began publishing modern records in 1953.

In January, 2.72 per cent of the workforre (1.62m people) were out of work, an appreciable advanre from the 2.43 per cent of Decemher last year, and beating the previous record of 2.70 per cent set in October, 1955.

Tbe figures are extremely low hy international standards, reflecting in part different Japanese criteria for judging unemployment. But they are just as politically sensitive, as the not surprisingly defensive reaction of the Japanese Government demonstrated.

The Labour Ministry immediately maintained that a change in the method of compiling statistical information, which took effect in January, may have overstated the real increase in that month.

Mr Nakason e: Cabinet adopted collective view

Tbe Cabinet of Mr Yasuhiro Nakasone adopted the collective view that the unemployment situation was "serious" and was unlikely to improve in the next couple of months.

Mr Noburo Takeshita, the Finance Minister, took the opportunity to state that this year's income tax cut, to which the government is somewhat-reluctantly pledged, would not be offset hy increases in indirect taxation.

The rise in unemployment may also have some impact on the spring wage settlement, in which annual pay increases in the 4 to 5 per rent range had appeared likely.

The figures do point up some interesting developments in the Japanese economy. Although women romprise only just over 21m of the 55m-strong Japanese labour force, they accounted for 170,000 of the 310,000 increase in unemployment recorded between December and January.

Vietnam rejects Chinese peace plan

By David Tonge in New Delhi

VIETNAM yesterday rejected China's five-point plan aimed at settling the conflicl in Kampuchea less than 10 days after it bad said it would withdraw some of its 180,000 troops in that country if tbe security situation permitted it.

Mr Nguyen Co Thach, Vietnam's Foreign Minister and a senior member of Hanoi's ruling politburo, also said in a surprisingly tough statement that his country had no intention of moderating its position.

He added, in his first interview since Peking outlined its five-point plan, that Vietnam would only withdraw all its troops from Kampuchea when China renounced its support for the Khmer guerrilla forces fighting the Heng Samrin regime.

The regime was installed in Phnomh Penh after the Vietnamese invasion in 1979.

The five-point plan included:

- Unconditional withdrawal of all Vietnamese troops;
- An end to Soviet support for "Viemam's aggression;"
- Negotiations and "practical steps" to normalise and improve relations with Vietnam onre the first hatch of Vietnamese troops was withdrawn;
- Freedom for the people uf a neotral and non-aligned Kampuchea to settle their social system and government;
- Willingness to make a joint commitment to refrain from interferenre in Kampuchea and to respect the result of UN-supervised elections.

"Time is on our side," said Mr Thacb sipping tea in tbe Vietnamese emhassy, apparently unperturbed by the critical speeches against Vietnam's presence in Kampuchea from members of the non-aligned movement.

Mr Thacb claimed that the war against the Chinese-hacked guerrillas was going well. Far from being perturbed by the apparent thaw in relations between Peking and Moscow, Vietnam would henefit and the flow of arms to the guerrillas would slow.

The talks under way in Moscow between China and the Soviet Union, aimed at bealing tbeir 20-year rift, are crucial to Vietnam'a attempts to reinforce its pre-eminence in Indochina.

- Arab leaders bave been closing ranks in New Delbi in wbat their diplomats say is a move intended to challenge the U.S. to prove that there is still life in President Ronald Reagan's September peare plan.

In a series of meetings in the margins of the non-aligned summit, President Hosni Mubarak of Egypt has begun to find a new acceptance from the Arab countries.

China challenge on ADB membership of Taiwan

BY OUR PEKING CORRESPONDENT

CHINA bas challenged the U.S. to support its demand for the expulsion of Taiwan from membership of the Asian Development Bank (ADB).

A Chinese official said that as the U.S. had recognised Peking as the legitimate Chinese Government, it should actively support its bid to take over Taiwan'a position in the bank.

"The U.S. should explicitly support China's reasonable demand and not set up any obstacles," said Mr Qi Huaiyuan, the director of tbe information department of the Chinese Foreign Ministry.

The issue is a further indication of the atrains placed on the Sino-U.S. relationship by Washington's continued trading ties and military support for the Taiwanese Government.

Mr Qi made it clear that U.S. support of the ADM membership question was being seen by China as an indication of the U.S.'s commitment to "act in accordance" with the joint communiqués recognising Peking.

Bulawayo brutality claim

BY TONY HAWKINS IN HARARE

THE ZIMBABWE Government yesterday claimed success in its military sweep of Bulawayo, but a leading church monthly newspaper criticised the administration's brutality.

A government spokesman accused Mr Joshua Nkomo, the Zapu opposition leader, of hysteria. He said there was growing evidence against the veteran nationalist, pointing to his direct involvement in dissident activity.

An attack on the government came in the latest issue of the Catholic monthly newspaper Moto, an outspoken supporier of the nationalist cause in the 1970s.

It warned Mr Mugabe's government that its brutal tactics in suppressing the banditry in Matabeleland were more likely to "harden dissent than heal it."

Australians welcome currency move but face further trouble over budget

Deficit shock for Hawke after devaluation

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE DECISION yesterday by the incoming Australian Labor Government to devalue the dollar by 10 per cent has certainly cast oil on troubled waters. It enrouraged an immediate reversal in the outflow of funds, cheered up the stock market and exporters, and demonstrated that the Prime Minister-elect, Mr Bob Hawke, who scored a landslide win in last Saturday's general election, is a man of action.

The main export gainers from the move will be mining and metal companies, most of which have seen a severe fall in profits in the past 12 months, and farmers. The devaluation is also expected to be of immediate help to the roal industry, which haa just started sensitive price negotiations with Japan.

With imports more expensive, local textile, clothing, footwear and car manufacturers will benefit, and joh prospects should improve. Australian imports in 1981-82 totalled A$23hn (£13bn) with machinery, vehicles, textiles and chemicals featuring prominently. Foreign travel will become more expensive but Australia's own tourist industry will be boosted.

Mr Boh Hawke, the Prime Minister-elect, said yesterday that the devaluation had been forced by capital outflows from Australia totalling A$3hn in the two weeks before the election. Speculation had fed upon itself, putting great pressure on short term money markets and on the financial system, wbich bad generated significant increases in short-term interest rates, and in aome market-determined medinm-term rates.

The banking system, in particular, had been hit by the outflow of funds, and had heen actively bidding for deposits in the market place at high rates of interest, be said.

Reactions to the devaluation were overwhelmingly favourahle yesterday, though it was stressed that bigher import costs must not be allowed to fuel inflation and trigger off another wages surge. This places even greater pressure than before on the Hawke Government's prires and incomes agreement with the Australian Council of Trade Unions (ACTU).

The Confederation of Australian Industry said yesterday that the 10 per cent devaluation was a "realistic move," but added: "Wage levels remain a crucial determinant of the viability of the Australian economy."

The Australian Chamber of Commerce said it supported Mr Hawke's "decisive action," and added that "the unexpected and irresponsible increase in the hudgetary deficit (for 1983-84) to a prospective A$9.6bn, which the new Government has inherited, must force an immediate re-examination of Government expenditure programmes, including those flowing from its own election promises."

Mr Michael Davidson, president of the National Farmers Federation, said tbe NFF would not normally have supported a large one-off devaluation, but that it had been necessary in present circumstances. In the longer term, he said, tbe NFF would be seeking a managed float system for handling the dollar.

The mining lobby, whose members export about 95 per cent of tbe country's mineral products, was enthusiastic, but said that bigher operating costs and increased charges on foreign borrowings would slightly blunt the impact of better export prires.

Bankers also welcomed the move, but said that bigger downward adjustments in the trade-weighted index should bave heen made last week so as to reflect market conditions. "If the Australian dollar had been freed to float," said one spokesman, "it would bave reached its correct market level a lot earlier."

The good news was tempered, however, by the revelation that the hudget deficit for 1983-84 is already seen as totalling A$9.6bn. Mr Hawke was very angry about this figure yesterday, describing it as "unbelievable," and claiming it revealed the extent of the mess left by the outgoing Liberal Government.

Mr Hawke is not prepared to countenance a 1983-84 budget deficit of A$11bn plus—A$9.6bn in terms of current forecasts, plus an extra A$1.5bn for the national expansion plans outlined in Labor's election campaign.

It is now rertain that Labor will have to re-examine and presumably scale down its election promises to reflate the economy. These included income tax cuts for 6m Australians, a boost to spending on roads, schools, health, power and communications and 18,000 extra housing starts in its first year in office.

The problem for Labor is exacerbated hy Treasury forecasts of a very weak economy for 1983-84, including a considerably bigher average level of unemployment in 1983-84 than in the current year. Unemployment in Australia is at present 10.1 per cent.

In addition, there could be negative non-farm economic growth of around 1 per cent and a fall in capital investment. However, inflation is thought to be falling and Mr Hawke said yesterday that the balance of trade had improved substantially during 1982-83 and that on present unchanged policy forecasts the current account deficit should, at worse, be no higher in 1983-84 than in 1982-83.

According to Mr Hawke: "In spite of the difficulties which it has inherited, it is the Government's firm view that any policy to restore the economy and reduce unemployment over the medium term must be associated with a falling rate of inflation.

"The incoming Government will take all steps necessary to ensure that nothing, including the effects of this devaluation, stands in the way of the achievement of such a decline in inflation."

The Goveroment may need to take further official action to boost liquidity, bankers think. A possible move is partial release of the funds tied up in Statutory Reserve Deposits (SRDs).

The Reserve Bank holds A$2.19bn in SRDs, representing 7 per rent of total trading bank deposits. A cut in the SRD requirement to 6 per cent would free A$313m. The requirement was last adjusted from 6 to 7 per rent of deposits on January 6 1981.

The funds start to flow back

BY OUR SYDNEY CORRESPONDENT

AN estimated A$1bn (£626m) started to flow back into Australia yesterday, following tbe new Labour Government's 10 per rent devaluation of the Australian dollar.

The move had an across-the-board welcome, particularly in tbe minerals and farm sectors, which have been bit by depressed rommodity prices and drought. There is some concern, however, that higher import prices will belp fuel another burst of wage inflation.

The decision to devalue was announced hy Mr Bob Hawke, the Prime Minister-elect, in response to exchange rate speculation, which bad caused a run on the dollar and sent interest rates soaring.

Mr Hawke yesterday accused the former Government of damaging and irresponsible behaviour before the election in predicting a currency flight resulting in a devaluation if Labour won.

"The outgoing Ministry for Industry went to the extremes of irresponsibility by quantifying a devaluation at 15 per rent," be said. "It is difficult to exaggerate the irresponsibility of such statements made during the rourse of an election campaign."

Revelations yesterday that the Australian hudget deficit for 1983-84 is likely to total A$9.6bn (£6.1bn), in comparison with the A$6bn suggested by the Liberals during the election campaign cast a pall over Labour's promises to reflate tbe economy. Mr Hawke said the figure was "unbelievable" and indicated the economic mess left behind hy his predecessor.

Monday's devaluation was effected by reducing the trade weighted index of a basket of currencies of Australia's major trading partners (May, 1970=100) from 81.5 to 73.3. This reduced the value of the local dollar from a mid-rate of U.S.$0.9491 to U.S.$0.8549.

However, ronditions in tbe hanking system were expected to remain relatively tight. Westpac Banking Corporation, Australia's largest hank, yesterday raised its prime rate hy 2 per cent to 16 per cent, and tbe ANZ and Commonwealth Banks made similar moves.

In the first of a series, Financial Times writers assess the impact of oil price cuts on the producers' economies

Iran: Rules may have to be obeyed

BY TERRY POVEY

POST-revolutionary Iran remains as dependent on oil revenues as it was under the previous regime. Billions of dollars are needed each year to pay for imports of armaments, food and raw materials as Iran strives to maintain its position in the Gulf war with Iraq, to feed its 40m population and to keep some of its industries running.

Oil policy has become subservient to Iran's war aims, its economic needs of the moment and its longer-term and largely vague objective of spreading the Islamic revolution throughout the region.

The hattle between Iran and Saudi Arahia which has dominated the Organisation of Petroleum Exporting Countries (Opec) over the last few years is both financial and ideological. Iran wishes to humble the kingdom because Tehran seeks to put itself forward as the sole legitimate defender of the Moslem faith and because it considers the Saudis (and other conservative oil producers) to bave taken over its oil market share in the post-revolution period.

In the mid-1970s Iran and Saudi Arabia were the two giants of Opec, with almost half its total production shared between them. Iran made record earnings of $21bn, in real terms, and produced a record 6m barrels a day (b/d) in 1974. Until the Islamic revolution cut production levels in 1978 it was ahle to keep hold of just under 20 per cent of the total market for Opec's oil.

After the revolution, fresh price increases belped cover a massive fall in output, which was down to 3m b/d in 1979. In 1980 and 1981 Iran's market share fell even more sharply to just 5-6 per cent of Opec's total, and revenues, despite the higher prices of the period, were falling to cover the growing import bill.

Having paid a heavy price—the virtual elimination of the multi-billion dollar reserves inherited from the previous regime—for its aggressive oil price policy in 1981, Iran since early 1982 has ben pursuing a very different policy.

Using the argument, in private at least, that support for Opec's pricing and production policies would just mean more money going from the surplus funds of the ronservative Arab producers to aid its enemy, Iraq, it has felt free to sell its crude at the hest prices it can get and in whatever volumes customers will take.

As a result its sales over the last four months have been creeping up towards the 3m b/d level, which even at an average price of $28.50 per barrel, has led to a rapid improvement in the Government's financial position. Reserves, virtually exhausted at the end of 1981, are now moderately healthy and although the import bill, excluding armaments, of $16bn last year bas leapt upward, there has at least been the bope of covering it through oil revenues.

The proposed state budget for the coming year from March 21, forecasts an oil income of over $21bn (63 per cent of revenues) based on exports of around 2.4m b/d (allowing for a net income to the treasury of $25 per barrel once various "rommissions" and other eharges are paid.)

Iran has therefore attended all the recent Opec meetings with one objective — to keep the official reference price at $34 — so that its undercutting policy rontinues to be effective at the highest possible price levels.

Without large-scale use of sophisticated secondary recovery systems (for which neither the gas nor the technology nor the expertise are readily available to Iran) total production is not thought able to surpass 3.5m b/d, so that in a price-cutting war Iran would quickly find itself unahle to boost production enough to make up the income shortfall from falling prices.

Iran therefore now found itself needing to try to make Opec price and production quotas work again, for as one diplomat in Tehran said: "There's only a point in breaking the rulea when others obey them."

While the most recent Opec deliberations have gone on, the country's exports bave dropped off markedly and Iran knows that its customers are attracted only hy low prices and that others covet its newly established 2.7m b/d sbare of the market.

So what is the lowest price Tehran can afford to accept? Foreign exchange needs for the current year will be about $20bn, including arms. This would suggest a revenue figure to the treasury of around $20 per barrel, or around $25 a harrel on the market at the maximum level of production will be required.

The cost of losing out in a prire war for Iran's current régime would be enormous. All attempts to win back the support of the old middle and entrepreneurial classes would bave to be shelved.

A TEAM, led by Red Adair, which was standing by to repair a damaged well-head in Iran's offshore Nowrooz field was flown by helicopter from the nearby Feridoon field yesterday to assess damage caused by Iraqi bombing raids, writes Mary Frings in Bahrain.

AMERICAN NEWS

Relaunch of U.S. campaign to freeze nuclear weapons

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

ADVOCATES of a "freeze" in the development of nuclear weapons by the U.S. and the Soviet Union relaunched their campaign on Capitol Hill yesterday, optimistic that they can now make a major impact on Congress.

As the House Foreign Affairs Committee voted heavily in favour of a nuclear freeze resolution more than 5,000 supporters from 45 states demonstrated on the steps outside. They were confident that the non-binding resolution would at least get through the full House, where it failed last year by two votes.

Opponents of the freeze, which include the Reagan Administration, countered with their own Capitol Hill demonstration against the people they derogatorily call the "freezeniks." The anti-freeze movement opened the day with a television commercial featuring Mr Charlton Heston, the film star.

While congressional passage of the resolution would not be binding on the Administration, it would be a major symbolic triumph for the growing movement against nuclear weapons in the U.S.

The resolution, sponsored by both Democratic and Republican congressmen, calls on the U.S. and the Soviet Union to pursue a halt to the nuclear arms race and decide when and how to achieve a mutual, verifiable freeze on testing, production and further deployment of nuclear missiles and warheads.

Its proponents feel that it has a better chance this time, following last November's mid-term elections, in which 26 more, mainly liberal Democrats, were elected to the House and some states passed their own freeze resolutions. They confess, however, that they stand much less chance of pushing the resolution through the Republican-controlled Senate.

The Administration argues that an immediate freeze in the two super-powers' arsenals would lock the Soviet Union into a position of nuclear superiority—a view not shared by freeze advocates, who maintain that there are already far too many weapons on both sides for it to make sense to talk of superiority or inferiority.

The White House, on the other hand, could live with some versions of the freeze proposal, especially if the suggestion was that weapons should be frozen only after the sort of strategic arms limitation agreement that President Ronald Reagan has called for. That would allow time for the Reagan arms build-up to continue to the point at which it was confident that any freeze would ensure a rough balance of forces on both sides.

Bolivar exchange controls upset foreign companies

BY KIM FUAD IN CARACAS

FOREIGN companies with almost $2bn invested in Venezuela consider their exclusion from use of a preferential exchange rate to pay foreign debts "illogical and punitive," the Venezuelan - American Chamber of Commerce and Industry said yesterday.

"Foreign companies pay taxes, create jobs, train personnel and provide Venezuela with goods and services it needs, so it's not logical to exclude them," Mr Roger Farrow, the chamber's president, told a Press conference.

In announcing a three-tier exchange rate system last week, the Government said that Venezeula's private sector foreign debt, estimated at around $7bn, would enjoy the preferential rate of 4.30 bolivar to the dollar if converted into four-year debt.

But companies with a more than 49 per cent foreign equity were excluded, which may force them to buy dollars at the present free market rate of 7.60 to pay their foreign obligations.

Western creditors in agreement with Cuba

By David Marsh in Paris

CUBA has signed an agreement with Western creditor nations pledging tough economic action aimed at improving its balance of payments.

The agreement is a condition for the debt restructuring package worked out in Paris last week, and marks the first time that a group of Western governments, independent of the International Monetary Fund, has set strict economic targets for a foreign country as part of a debt stabilisation package.

The need for the conditions—which set numerical objectives for Havana's reserve position, debt level and current account over the next year—arose, according to diplomats in Paris, because Cuba is not a member of the IMF.

Western governments which meet in Paris to work out rescheduling solutions for hard-hit developing countries habitually link debt restructuring accords with conditions set by the IMF. Since no IMF agreement could be worked out in this case, the countries had to assemble a set of conditions as a proxy for the Fund.

Last week's agreement provides for rescheduling over 8½ years of $413m in debt repayments due to Western governments between September last year and the end of 1983.

Under an annex to the agreement, which has not been made public, Cuba has pledged to keep to the economic objectives as a condition for rescheduling a further $250m of repayments due next year.

The Cuban accord has been particularly sensitive because of Havana's lack of diplomatic ties with the U.S.

The U.S. Government, which is still claiming an estimated $2bn in assets and property sequestered when President Castro came to power, took no formal part in last week's negotiations. But, in an informal role, it kept abreast of developments and participated in the working out of the conditions set for Cuban economic stabilisation.

The Paris meetings of creditor nations are chaired by French government officials.

Richard Lambert reports from New York on a success in the U.S. newspaper war

Daily fix of colour pix wins hearts in sticks

A BOLD experiment in newspaper publishing takes another big step forward this morning when USA Today—billed as the first general interest newspaper to be sold nationally in the U.S.—makes its debut on the streets of Chicago. Launched last September in Washington and Baltimore, the paper is now printed via satellite in 13 major market centres across the country.

Philadelphia is next on the list later this month, and in early April the paper will appear in New York City. Gannett Company, its publisher, thinks it will arrive in the Big Apple with a daily circulation of some 800,000 copies, compared with the latest audited figure of a net 531,000 paid copies a day in the final week of January.

By the end of this year, Gannett is planning on daily sales of 1.15m copies, and the five-year target is 2.35m. For comparison, the Wall Street Journal sells around 2m copies a day, and the New York Daily News — the biggest selling general interest paper—has a weekday circulation of around 1.5m.

But USA Today is not aiming for a traditonal newspaper readership, and it certainly does not look anything like a traditional newspaper. Its most striking feature is the brilliantly clear colour pictures which are scattered throughout the 40-page, four section issue. In its use of graphics and concentration on brief bulletins, rather than detailed reports, USA Today is the nearest thing to television journalism to be found in print.

An average issue will contain at least twice the number of stories carried by a conventional paper and compression is sometimes taken beyond the point of hilarity. Last week, for instance, USA Today carried a summary of the candidates and issues involved in the West German, French and Australian elections in a total of under 250 words.

Apart from sport, the emphasis is on what might be termed "general interest" reports as opposed to hard news: a typical lead story on the front page starts: "Greg Wilson bit his lip as he thought about the question. What would it mean if he and his Carlisle County High School team-mates won the state basketball championship?"

Within the paper, there is a double page spread of brief reports from every state in the union: "Des Moines . . . the manager of the civic centre died early Sunday of a heart attack," and an extraordinary full page, full colour weather report. Then follows sections on money, sport and life, which includes useful hints for the aspiring citizen, such as how to shake hands: "Take off your gloves. Make sure your hands are clean . . ." and so on.

A strictly personal view is that if a paper like this can find a worthwhile audience, we might as well all go fishing. It has no depth, no style and no views. Typical of its bland approach is the editorial page, which is given over each day to a single topic that is covered in several articles by people with different views. Recent examples include "making war on fat can be unhealthy," and "workers deserve age protection."

However Gannett claims to be reaching its target audience, a youngish readership, in the same kind of education and income brackets as the buyers of news magazines like Time and Newsweek. It sees the paper as being especially attractive to business travellers who want to know the college basketball scores back home (they are all there), and it is relying very heavily on street distribution through vending machines and stores as opposed to home deliveries.

> ‘A strictly personal view is that if a paper like this can find a worthwhile audience, we might as well all go fishing. It has no depth, no style and no views. Typical of its bland approach is the editorial page, which is given over each day to a single topic that is covered in several articles by the people with different views. "Making war on fat can be unhealthy" and "workers deserve age protection," are recent examples.’

Moreover the paper has certainly caused a flutter among established newspaper proprietors. Its circulation goals are quite modest—a share of between 3 and 7 per cent in each of its markets will do the trick—but that could make a big difference to papers which are having to struggle to survive, especially those which are already in a weak second place in their home towns.

Existing newspapers tend to burst into (generally inferior) colour a few weeks before USA Today starts publication in their area, and to take robust steps to protect their distribution channels. In Chicago, the Tribune adopted a bold new colour masthead at the end of last year and has recently launched itself into "magic Zingo," a British-style bingo game, while the Sun-Times has been quietly redesigning its layout.

It will be at least two years before Gannett knows whether USA Today can pay off. At the moment, it claims to be reaching its target ratio of 30 per cent advertising and 70 per cent editorial, but most of the advertising so far has been sold on special bargain terms. The paper is keenly priced at 25c a copy against 30c for the New York Times.

And although Gannett has been able to limit the costs by using its existing production facilities in most of its markets, the expenses of the operation are very substantial. With 331 people in the newsroom, the editorial wage bill alone must be immense.

Gannett has given no details about its investment in the paper, but its latest comment about the financial position is rather sombre. In a submission last week to the Securities and Exchange Commission, it said that the "substantial operating losses and significant capital expenditures and other start-up costs incurred during the early stages of USA Today's development will adversely affect the company's rate of earnings growth in 1983 and 1984 but will have no significant adverse effects of Gannett's continuing operations." USA Today already represents a big chunk of Gannett's newspaper circulation with total daily sales of 4.3m copies, and is clearly a big gamble for the group.

But Gannett has a sound balance sheet and a good business record. Its chairman, Mr Al Neuharth, a hard driving and very successful newspaper entrepreneur, is deeply committed to the project. No one, least of all the competition, is assuming that it will fail.

Argentina sees short delay to repayment

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA yesterday moved swiftly to re-assures foreign creditors that they were not facing a major default on the country's $38.7bn of foreign debts following its deferral of repayments of about $1.4bn of short-term private sector loans falling due this month.

On Monday night the Argentine central bank, which recently assumed responsibility for part of the country's private debt, said that it was suspending "indefinitely" the repayment "swaps"—short-term commercial loans which often involve currency exchanges between central banks.

This was the third time that the central bank had rolled over the maturing loans since they were first taken out in 1981. The first time was during the Falklands War and the second last December when the central bank asked for a 90-day moratorium.

The central bank yesterday blamed an administrative hitch for Argentina's inability to meet its repayment deadline. The problem would be resolved within a "few days," an official said. He substituted the word "temporary" for "indefinite" and insisted that renegotiating the payment of the $1.4bn was included in talks with foreign banks and the international Monetary fund, on Argentina's debt problems.

Meanwhile, local foreign bankers, who were apparently bombarded yesterday by concerned telephone calls from their head offices, said that the scope of Monday night's move was much smaller than reported earlier and did not signal a radical turnaround in Argentina's current moderate approach to its cash crisis.

They confirmed that Argentina is continuing to pay interest on its foreign debts and that negotiations were now well advanced on outstanding aspects of an international aid package. Bankers admitted, however, that Argentina could face a delay in the disbursement of a $1.5bn medium term loan due to be signed shortly when an IMF team arrives in Buenos Aires later this month. It is coming to check on the main targets set out in last December's letter of intent between Argentina and the IMF.

The Government is fighting a losing battle to bring the inflation rate down to 160 per cent this year. Consumer prices rose by 13 per cent in February compared with 16 per cent in January and 5.3 per cent in February, 1982. Economists are now predicting an inflation rate of more than 400 per cent this year.

Signs of a return to hyper-inflation rates of seven years ago has led to increased military pressure on Sr Jorge Webbe, the Economics Minister, to change aspects of his policy. The air force, which is believed to have asked for the sacking of Sr Webbe on at least one occasion, is asking for sweeping price controls.

U.S meeting for finance ministers

By Max Wilkinson, Economics Correspondent

FINANCE ministers of the seven major industrial countries are to meet in Washington next month to discuss economic strategies including the possibility of stabilising currency markets.

The meeting will be on the sidelines of the World Bank's Development Committee on April 29. In the normal way not all finance ministers would have attended this meeting. However, they want to take the opportunity to discuss the agenda for the world economic summit meeting in Williamsburg, Virginia, in mid-May.

WORLD TRADE NEWS

Western businessmen claim Russia is short of cash

BY RAY DAFTER, RECENTLY IN MOSCOW

EUROPEAN and U.S. businessmen returning from Moscow report that there is growing evidence the Soviet Union is running short of hard currency.

Soviet importers are said to be delaying investment decisions and taking longer to settle bills.

The evidence is largely anecdotal. The chairman of a UK company who had been seeking new Soviet orders commented on his return from Moscow: "There is no question that they are short of hard currency."

He said the Soviet Union appeared to be concentrating on buying equipment for key sectors—agriculture, energy and electronics but was delaying decisions on other purchases.

The businessman said that while the reception was "friendly," few members of the mission had been able to conclude deals. Each member felt he would have to return to Moscow for further negotiations.

"They appear to have certain projects which they will push through come hell or high water. But for other things they are telling people they will have to wait for orders."

Mr Jan Vanous, senior economist with Wharton Econometric Forecasting's centrally planned economies service in Washington DC, said that the experience of businessmen were the "best and earliest" barometer of possible Soviet difficulties.

He pointed out that last year the Soviet Union's hard currency exports were substantially higher than in 1981. Exports to the developed West totalled an estimated $26.1bn of which $20.9bn was in the form of energy (mainly oil and natural gas), while exports to non - Communist developing countries totalled $13.6bn.

Mr Vanous said that the Soviet Union could soon see a decline in its hard currency earnings given that it was being forced to substantially cut the price of its exported oil. The decline in the oil market could also have an indirect impact on Soviet exports to developing countries, especially those in the Middle East and North Africa heavily dependent on petrodollars.

It is expected that some oil-exporting countries may be forced to reduce their imports of Soviet arms. Last year it is estimated that half of the Soviet Union export earnings from developing countries arose from arms sales.

Mr Vanous added that the unusual Soviet winter conditions could also hit this year's grain harvest. The Soviet cautiousness with hard currency might also reflect concern about the harvest and the possibility of grain imports, he said.

Dr Hammer: confident of final agreement

Occidental gets closer to China coal deal

By Mark Baker in Peking

THE CHAIRMAN of the Occidental Petroleum Corporation, Dr Armand Hammer, announced yesterday that an interim agreement had been reached with the Chinese Government which would ensure development of the world's largest coal mine in China's Shanxi Province.

Dr Hammer said he was now confident a final agreement to develop the 1.4bn-tonne deposit of high-grade steaming coal would be signed on July 1.

While he did not specify what matters remained to be settled, he said: "We don't think they are material. We don't think they are important."

Coal from the huge reserve, located at Pingshuo, west of Peking, will be marketed in Japan, Korea and the Philippines. Occidental is also looking toward other markets.

If the project goes ahead, it is likely that, within five years, Australia's dominance in the growing Japanese steaming coal market would be challenged.

The joint venture would be the largest so far agreed between a U.S. company and the Chinese and China's first energy-related joint venture. The agreement had been under negotiation for several years, and an earlier accord was signed a year ago.

The interim agreement was signed after an hour-long meeting between Dr Hammer and the general secretary of the Chinese Communist Party Central Committee, Mr Hu Yaobang.

UK drive to boost Soviet trade

BY TOM SEALY

BRITISH business is sending its biggest ever delegation to Moscow next week in an attempt to boost its flagging trade with the USSR. Ten years ago Britain was Russia's leading western trading partner. Today it ranks as number seven and suffers from a continuing and worsening trade deficit.

The trip, which runs from March 13-8, is organised by the British Soviet Chamber of Commerce in co-operation with the USSR Chamber of Commerce and Industry and the Soviet Trade Delegation in London. It will be headed by Mr Ralph French, the council's chairman and head of ICI's East European region. But, as Mr French points out, it is not a one-off affair.

"We are not looking for a flash-in-the-pan trade increase," he comments, but an increasing long-term share in the Soviet market." To support this the Chamber has changed its articles of association and next week's Moscow visit will be followed a week later by a visit to Suzdal headed by the chamber's president Mr John Mayhew Sanders. Also, the chamber is organising a visit to the Ukraine in the summer, and the London Chamber of Commerce and Industry is organising another trip for businessmen in the autumn.

The companies making the trip fall in to two main groups—energy and agriculture. On the energy side British companies will be offering technology and systems from enhanced oil and gas recovery to control and instrumentation for reducing energy consumption. In agriculture, a range of technologies will be presented from harvest aids to food processing and packaging.

Soviet imports rose to £676m last year against £428m in 1981; UK exports fell to £356m from £409m. Also, over 60 per cent of British imports from Russia were made up of oil and oil products.

Stephanie Gray adds: The trade delegation visit will follow close on the heels of a mission of British diplomats, sent to Moscow to try to extract £500,000 in unpaid rates from the Soviet trade delegation in North London. If they do not succeed court action will go ahead on March 25 through which London's Camden Council will seek a distress warrant on the premises.

The Soviet trade mission situated in the London community of Highgate, was claiming diplomatic status similar to that of its embassy under which the foreign office would pay the rates on behalf of the Soviet Union.

BAe promotes U.S. warehouses

By Christian Tyler

THE U.S. marketing arm of British Aerospace is trying to stimulate interest among British exporters in its U.S. warehousing and service facilities.

Intratec, a devision of BAe Inic, has launched a direct mail campaign at 2,000 medium-sized companies and received 35 replies so far.

The company was formed in 1968 to make use of spare capacity in its warehousing and distribution operation for aircraft parts. It has five outside clients at present, including the manufacturer of upmarket hi-fi loudspeakers, and has an agreement in principle with a sixth.

Canadian timber 'not subsidised'

By Nancy Dunne in Washington

A PRELIMINARY Commerce Department investigation of the $2bn softwood lumber trade between the U.S. and Canada has determined that Canadian imports are not being subsidised.

The ruling came yesterday in response to a complaint filed by some 200 U.S. softwood lumber producers which alleged that the 100-year-old "stumpage" system Canada uses to determine prices of timber constitutes Government subsidies. The producers asked that countervailing duties be imposed.

Canadian officials said the department decision is regarded as a "great victory for Canada." The case threatened to have a major impact on trade relations between the two neighbours, weaken the Canadian lumber industry, and damage the recovery of the U.S. home-building sector.

Mr Malcolm Baldrige, the Secretary of Commerce, announced that the ruling had been made "by applying the countervailing duty law to the facts discovered so far during the investigations."

The department found that the Canadian Government's programmes regarding sales and allocation of timber on Government-owned lands do not confer a subsidy. They are generally available within Canada on equal terms, appear to be reasonable ways to sell the logging rights, and do not assume a cost of producing softwood, the Department said.

According to the department, even though U.S. and Canadian prices for timber have differed significantly in recent years, the current gap appears to reflect the following:

- Differences in quality and accessibility of the timber;
- The practice in Canada of requiring those who harvest timber to perform forest management services for the government;
- The fact that U.S. companies bid for timber anywhere between two to five years in advance of use, without taking into account the decline in the U.S. market for lumber and wood products.

Mr Baldrige emphasised that the findings are preliminary. The Department will hold a public hearing on April 14 and make a final ruling by May 23.

Rees urges a scaling down of the U.S.-EEC trade row

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

MR PETER REES, the Minister for Trade, yesterday intervened in the sharpening EEC-U.S. agricultural trade dispute with a warning that nobody can afford a trade war. "slugging it out with escalating export subsidies."

His prescription for a scaling down of the long-running row was, in effect, to do nothing.

"It would be as well if everyone would accept that agriculture has always been—and is specifically recognised by the General Agreement on Tariffs and Trade (Gatt)—as a special case," he told a diplomatic audience at the Association of Economic Representatives in London.

But he hinted that the disciplines of the open trading system should be applied to agriculture. Extolling the virtues of the open trading system, which the Government is committed to maintain, he said: "Free trade can never be an absolute concept."

He added: "We must expect our actions to match our fine words—even in such sensitive fields as steel, textiles and agriculture."

Mr Rees also attacked the U.S., observing that American farmers receive more dollars in price support than those in the EEC, and that the EEC's common agricultural policy is not the only factor making life difficult for the American farmer.

At the same time he accused the U.S. of undermining "the sensible and conciliatory atmosphere generated by transatlantic talks in Brussels (last December) after the Gatt ministerial conference," by subsidising wheat flour sales to Egypt, a traditional EEC market.

This twin approach—a nod in the direction of freer farm trade and loyalty to the EEC line—pointed to the Government's dilemma on external farm trade policy: how to reconcile loyalty to the EEC with a degree of detachment from the effects of the common agricultural policy.

Although Mr Rees gave no indication of how the Government intended to match words with action in the sensitive product areas, he argued that the UK had kept faith with the general principles of the open trading system as well as any and better than most.

"A study shortly to be published by the Trade Department calculates that in Britain only 4 per cent of imports of industrial products and 7 per cent of total visible exports are subject to non-tariff restraint and that 20 per cent of total imports are subject to tariff barriers," he said.

Spain's $30m aircraft kit contract

By David White in Madrid

SPAIN'S RELIANCE on Indonesia as an outlet for its aircraft industry has been reinforced by a further $30m contract for the state-controlled airframe manufacturer Construcciones Aeronauticas (Casa).

The contract with the Indonesian state company Nurtanio is for 40 assembly kits for the C-212 Aviocar, Casa's twin-prop "jeep on wheels." It brings total sales of the short take-off aircraft to 375 and establishes Indonesia as the main customer with 128 units.

The Spanish and Indonesian companies are in a 50-50 joint venture to produce an upgraded version of this aircraft, the CN-235, deliveries of which could start next year.

This is to have an increased passenger capacity of up to 40 in its civilian version. The military version is destined for a variety of uses, including troop transport and paratroop training.

Delivery of the Aviocar kits for assembly by the Indonesian company is to start within 12 months, at a rate of two a month.

U.S. importer permitted to take Algerian LNG

BY FRANCIS GHILES

THE Trunkline Liquefied Natural Gas Company, an affiliate of Panhandle Eastern Pipeline of Texas, has been allowed to continue importing Algerian liquefied natural gas (LNG) by the U.S. Energy Regulatory Commission (FERC) and the Economic Regulatory Administration (ERA).

Both agencies have voted to reject complaints by customers of Trunkline, who are trying to prevent the company from passing on to its clients the higher price of Algerian gas. Trunkline will have to initiate new pricing negotiations by April 1 or risk losing its import licence.

Trunkline has contracted to buy 4.5bn cu metres of LNG a year from Algeria's state oil and gas company, Sonatrach. Deliveries started last September, a year late after the U.S. company had begun proceedings over delivery delays against Sonatrach in the International Chamber of Commerce in Paris, in the event the arbitration of the court proved unnecessary.

The first regular delivery of gas was made on December 1 1982, and Trunkline is currently paying $3.87 per million British thermal units (BTU) fob for this gas.

The existing pricing formula was negotiated last summer between Trunkline and Sonatrach. It has yet to be submitted to the U.S. authorities. It indexes the price of the gas to a "basket" of crudes.

The two federal agencies also agreed that the evidence submitted by the critics of the Trunkline contract did not convince them that Algerian gas would not be needed in the future. Nor did they accept that Algeria had been unreliable, but any future interruption in supply will reopen the question of Algerian reliability as a supplier.

The question of reliability also has a political colouring. The sharp rise in U.S. exports to Algeria, which reached $1bn last year and the visit of a top delegation of 70 U.S. businessmen led by the U.S. Secretary of Commerce, Mr Malcolm Baldrige, to Algeria last December suggests relations between Algeria and the Reagan Administration are warmer than two years ago.

- Meanwhile, agencies add from Rome that the first deliveries of Algerian natural gas to Italy through the trans-Mediterranean pipeline could start in June.

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Lufthansa. Airline of the Year, 1982

Awarded by "Air Transport World", Washington D.C.

For consistent, high standards of quality in the areas of passenger and cargo services Lufthansa has been singled out as "Airline of the Year, 1982". While a recognition of past achievements, we regard this award as our commitment to the future.

Lufthansa
German Airlines

UK NEWS

Monetary growth well within target range

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

SIR GEOFFREY HOWE, the Chancellor of the Exchequer will be able to announce in his budget speech next week, that the mnney supply appears at last to be comfortably under control.

This will be the first year since the Government published its medium term financial strategy that the monetary growth has been within the target range.

Yesterday the Bank of England estimated that in the year to mid-February, sterling M3, the hroad measure of money supply, grew by 9¾ per cent. M1, the narrow measure, grew by 11 per cent and the widest measure of all, PSL2, grew by 8¾ per cent. The Government's target announced in the last budget was for growth of between 8 per cent and 12 per cent for all three aggregates in the period.

In the present target period, starting in February 1982, the growth of sterling M3 has been progressively decelerating, and the latest figure shows growth on an annualised basis which is the lowest since March.

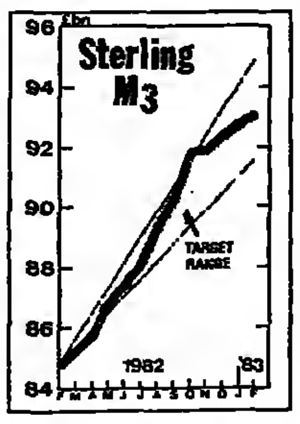
The recent slowing down of monetary growth partly reflects tha lower than expected inflation rate. However, bank lending, which is one nf the main counterparts to the money supply, has also shown a tendency to moderate its growth in recent months.

The London clearing banks said yesterday that lending to the private sector rose by an estimated underlying £650m to £700m in the four weeks to mid February. This suggests that when the full banking figures are published, total lending to the private sector will have increased by about £1bn.

This estimate compares with an average rate nf increase of about £1.5bo a month last year and appears to confirm the slower trend which has emerged in recent months.

The Government will be anxious, nevertheless, in case economic recovery and a rebuilding of stocks this year results in a surge of new lending to the company sector.

But recent eocouraging money supply figures might tempt the Chancellor to announce somewhat squeezed targets for the next financial year. At the time of the last budget, it was announced thet the target range for 1983-84 would be growth of 7 to 11 per cent.



However, the inflation rate seems likely to be at least a percentage point lower for the year than was predicted a year ago.

On the other hand, the Government bas been embarrassed so frequently by the overshooting of its monetary targets, that it may wish to leave the bull's-eye as large as possible.

BSR to launch cash call for £21m

By Ray Maughan

NEW MANAGEMENT of BSR has completed its plans for a financial reconstruction of the loss-making record changer electronics and kitchenware group.

Details of the reconstruction, which are expected today, include a rights issue to raise over £21m, and a subscription for new shares, in which Finance for Industry has participated, which will raise a further sum. A change nf name and tax domicile is also proposed to reflect the importance of the Astec electronics subsidiary which is based in Hong Kong.

The group, which is to be known as Astec-BSR, proposes to call on existing shareholders for just over £21m hy way of a ooe-for-three rights issue at 55p. The shares dropped 3p yesterday to 70p valuing the group at £81m on the London stock market.

BSR's losses after all charges amounted to £8.5m in the first six months of the year to January 9, 1983 and the board has since declared 1,200 redundancies in the principal Cradley Heath, West Midlands, record changer factories.

British coal investment highest in EEC, says Brussels report

BY GILES MERRITT IN BRUSSELS

THE EUROPEAN Commission released figures in Brussels yesterday showing that the UK's capital investment in the coal mining industry has dwarfed that of other EEC countries.

The Brussels survey did, however, note that expenditure on capital equipment for the UK coal industry has fallen slightly in the twn years following 1980, when it soared to a record 1.273bn European currency units (Ecu), even though in the other main EEC coal-producing countries spending had continued to increase during 1981-82.

Tha European Commission figures, nevertheless, show that in relation to coal output Britain's investment programme easily outstrips those of West Germany, Belgium and France.

Last year, the UK, which produces about half of all EEC coal, spent 1.247bn Ecu on capital equipment, while for West Germany the figure was 471m Ecu, France 68m Ecu, and Belgium 47m Ecu.

UK coal extraction currently stands at some 124m tonnes, as against 95m tonnes for Germany and only 18m tonnes and 6m tonnes for France and Belgium, respectively.

The EEC study says, at the same time, that the extraction potential of the UK coal-mining industry will decline only gently during the next few years, dropping from 122.7m tonnes in 1981 to 122.5m tonnes by 1985.

On steel, the Commission analysis re-emphasised the dangerously wide gap between crude steel output in the EEC and the much higher level of installed capacity that continues to threaten price stability. The survey sees potential production dropping to only 187.8m tonnes by 1985 from 197.9m tonnes in 1981.

Thatcher still backs MacGregor

BY IVOR OWEN

MRS MARGARET Thatcher, the Prime Minister, is still hoping to persuade Mr Ian MacGregor, the chairman of the British Steel Corporation, to agree to serve a two to three year period as chairman of the National Coal Board (NCB).

This was made clear at Westminster last night after she had rebuffed renewed attacks on 70-year-old Mr MacGregnr by Labour MPs in the House of Commons.

Mr Thatcher carefully kept the Government's options open as she replied to questions about the chnice of a successor to Mr Norman Siddall.

She again praised Mr MacGregor's achievements in the coal industry in the U.S. and assured Mr David Steel, the Liberal leader that the appointment of Mr MacGregor as a temporary chairman of the NCB was not in her mind.

Mr George Foulkes (Labour) contended that Mrs Thatcher's delay over the appointment resulted from the attempt by Lazard Freres, the New York investment bank in which Mr MacGregor remains a limited partner, to secure yet another transfer fee.

He claimed that the amount in question was £1.8m – a sum it would take a miner 250 years to earn.

Concorde funding extended by a year

THE GOVERNMENT last night agreed to foot the bill for British Airways Concorde airliner operations for another year.

Mr Norman Lamont, Industry Minister, told MPs that plans to switch support costs to the state airline from the end of this month had been postponed until March 1984.

This would allow more time for an agreement to be drawn up with British Airways, for further negotiation of contracts between the state owned airline and the aircraft manufacturers, and for further discussions with the French Government.

He said: "To give the maximum time possible for the negotiation of new contracts, under which support can be continued in accordance with the requirements of both British Airways and Air France, the Government has also given British Aerospace and Rolls-Royce formal notice that Government contracts for in-service support of Concorde are being terminated with effect from March 31, 1984."

More UK news on Page 11

£3.2m damages

A DUBLIN court has awarded damages of I£3.5m (£3.2m) in favour of a British company in a breach of copyright case. The award against Point Blank, of Cork, was in lieu of profits made by them on the sale of bullet proof vests to the Libyan army.

A judge held that copyright on the design of the vests belonged to Mr Michael Sacks, director of Armourshield, a Manchester company.

Fishing curbs

MEASURES are being introduced to combat foreign, mainly Spanish, fishing vessels, which re-register in Britain in order to circumvent EEC fishing regulations.

Mr Alick Buchanan-Smith, Minister of State for Agriculture and Fisheries, said a provision in the British Fishing Boats Bill will require that at least 75 per cent of the crew of any fishing vessel operating in British waters must be composed of nationals from EEC countries.

Petrol sites swapped

PETROFINA, the Belgian oil company, is withdrawing from the petrol market in Scotland as part of a petrol station swap with British Petroleum sites in England.

The deal is the latest in a series of attempts to rationalise the UK petrol market, which has been running up large losses for the major oil companies over the past two years.

Layoffs at Ford

FALLING car sales in the European market have led to temporary short-time working in the transmission plant at the Ford works at Halewood, on Merseyside. About half the 2,000 workforce has been laid off for this week, and the remainder will be stood down in the week before Easter.

Minister to press for speedy BSC sale

By Peter Bruce

MR NORMAN Lamont, Industry Minister, last night gave one of the clearest signals yet that the Government intends to press Mr Ian MacGregor's successor at the British Steel Corporation to speed up privatisation of BSC. No part of the corporation need escape denationalisation, he warned.

The Government is thought to be frustrated at the relatively slow pace of privatisation and rationalisation of the corporation under Mr MacGregor's chairmanship. Negotiations with possible successors, including Sir Alistair Frame, Deputy Chairman of Rio Tinto-Zinc, are understood to have included undertakings to speed up the denationalisation of the corporation.

Mr Lamont, speaking to the British Constructional Steelwork Association, said that while total privatisation of the corporation would take time, the public and private sectors should try to find ways to rationalise capacity and demarcate overlapping apreas of production.

"I am talking to BSC and the British Independent Steel Producers Association about this," he said, "and the Government is giving it high priority in 1983. Ultimately, there is no part of BSC that cannot be nationalised."

"In every one of the major areas of overlap between the public and private sectors proposals either for rationalisation or 'Phoenix' (merging BSC and private sector operations) type companies are being studied. Firm proposals in many of them are currently being negotiated."

Mr Lamont said that under the Phoenix schemes agreed so far, which included joint ventures with the private sector in wire rod, heavy forging and bright bar, the businesses involved had a combined turnover of £360m. BSC's total turnover in the year to March 31, 1982 was £3.4bn.

The Government, he said, had stressed to BSC the importance of running downstream activities "with maximum financial transparency." Without a clear separation of BSC's companies "neither the corporation nor industry will know whether the individual enterprise's performance is satisfactory and profitable," he said.

Mr Lamont criticised press reports which had suggested that the Government was adopting a fatalistic attitude towards the decline of some sectors of the steel industry.

He said that much of the £50m the Government was providing to private sector steel companies for restructuring was going to "help" new investment.

"This is not a view of the industry which is fatalistic. It is on the contrary, realistic, and is changing the face of the industry to ensure its survival as a new, competitive face."

Domestic air fares to cost more

By Lynton McLain

DOMESTIC air fares in Britain are to rise by between 5 and 10 per cent from April 1, the Civil Aviation Authority said yesterday.

The decision keeps the £11 price differential between the lowest return air fare offered by British Midland Airways, the independent operator on the London, Heathrow to Edinburgh and Glasgow and the higher-priced shuttle service of British Airways.

From April, the cheapest return fare, on BMA, will be £105 on both routes, compared with £99 for the same ticket today. British Airways, by contrast will offer its shuttle return service for £116, compared with £110 today.

British Caledonian Airways, which operates from Gatwick Airport to Edinburgb and Glasgow will charge £118 return, against its current fare of £110 return.

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TECHNOLOGY

EDITED BY ALAN CANE

EURO VISION OF GRAVITY-FREE MATERIALS PROCESSING

Future factories may orbit in space

BY DAVID MARSH IN PARIS

"AS LITTLE is known now about gravity-free processes as was known about working in a vacuum 300 years ago. Materials processing in future space factories may, in time, be more important than the use of space for telecommunications satellites." That is the viow of Herr Johannes Schubert, head of the space division of Messerschmitt-Boelkow-Blohm, West Germany's main aerospace company and a leader in Europe's foturistic plans for manufacturing in orbit.

An important milestone along the road towards the commercial use of gravity-free processes is due to be passed later this year when Europe's manned space laboratory, Spacelab, is scheduled to be launched on board the U.S. space shuttle.

Spacelab, which has been under development for 10 years by the 11-nation European Space Agency, is made up of two elements—a pressurised module manned by specialist space technicians, and an unpressurised pallet containing scientific apparatus open to tha sky. The first mission of Spacelab, which will be transported in the cargo bay of the shuttle for about a week, will carry out numerous solar, astronomical and earth observation experiments as well as tests on materials under weightless conditions.

But officials at ESA's headquarters in Paris make clear that the Spacelab programme—which has cost about £500m so far—is just the beginning.

There are two extremely important "ifs" — over tho technical capacity of U.S. and European space planners to master the complexities of launching large orbiting structures, and ferrying materials to and from them; and over the willingness of governments and private business to put up the money.

Large-scale

But, provided these conditions are met, M Jacques Collet, a planning official at the agency, believes that pilot production facilities in space could be set up in the second half of the 1990s, with large-scale space factories perhaps operating by the year 2000.

Considering the cost of launching materials into orbit, the scientific disciplines eligible for space commercialisation are those where the end product is of great value, can be mado more effectively (or perhaps exclusively) under gravity-free conditions, itself weighs very little and takes up only a small space. A number of U.S. companies involved in areas ranging from pharmaceuticals and medical equipment to electronics have already signed agreements with the U.S. space agency NASA on carrying out oxperiments in future years on board the space shuttle. NASA will carry the experiments free of charge —provided the results are made public. But European companies, according to M Collet, have shown very little interest so far.

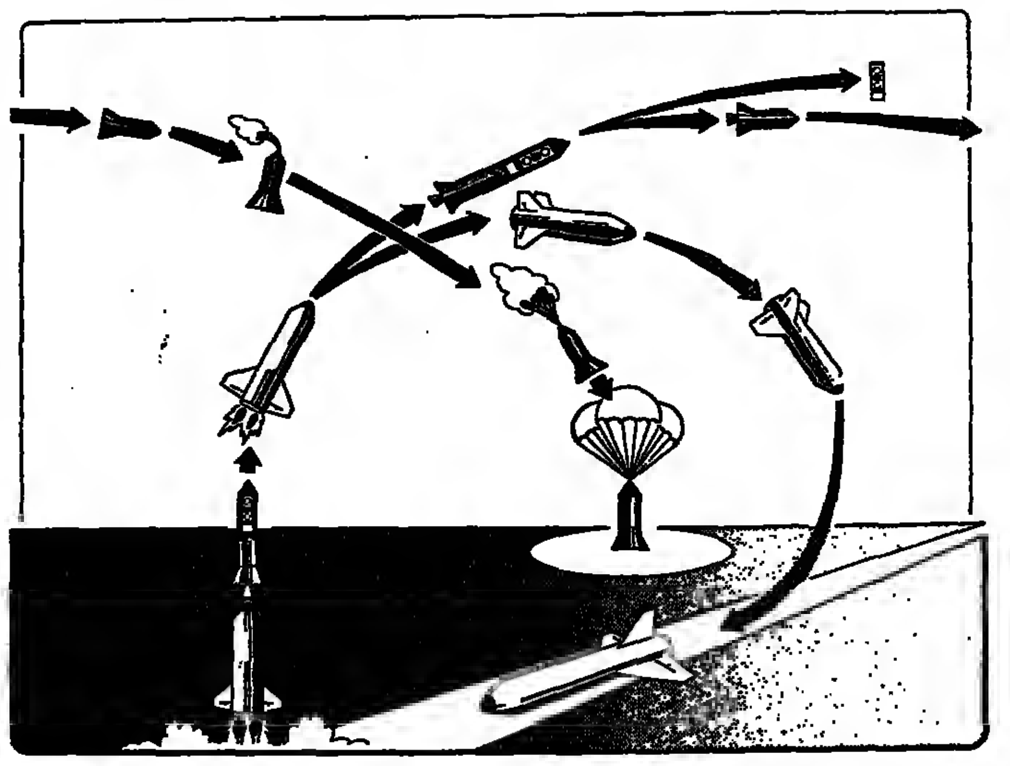
Techniques

The promising areas are:

● Metallurgy. New alloys impossible to make on earth — requiring, for example, perfect homogeneity in the mixing of metals — will be born, one day, in space factories. The U.S. company GTI has linked up with NASA to research into metallurgical furnaces in space, while Canadian nickel producer Inco will experiment on new electroplating techniques. Another U.S. concern looking into alloy making is the world's biggest farm equipment maker, Deere and Co, which will be studying the properties of graphite particles in cast-iron melts. Chemicals giant Du Pont for its part has signed up for research into special catalysts.

● Crystallography. Microgravity Research Associates has signed up with NASA for research into high-performance gallinm-arsenide chips for use in olectronics. Other possibilities include the fabrication of new types of carbon fibres and composite materials for use in the engineering and aerospace industries, and, perhaps most exotically of all, the production of supraconductors —materials offering no resistance to electric currents.

● Medicire. Johnson and Johnson, the U.S. pharmaceuticals company, will be launching experiments to explore production of enzymes through cell-separation in weightless conditions. The multinational Battelle company based in the U.S. will also be looking into biotechnology applications of space processing, aimed at making a family of bio-materials for a range of clinical purposes.



Aerospatiale has carried out studies on a fully re-usable two-stage launcher for low earth orbit. The launcher returns to Earth in much the same way as Columbia, the second stage returns by parachute, leaving the payload in orbit, but Britain is regarded as niggardly for not providing a bigger contribution to the £7m costs of the study

The Spacelab programme itself will give researchers only the most preliminary insight into materials science in space. Missions will enable experiments to be left in orbit for a maximum of about 10 days aboard the space shuttle. To carry out experiments of a longer duration, ESA is developing the European Retrievable Carrier project (Eureca).

Eureca, whose first launch is planned for 1987, will be a free-flying space carrier which aims to combine the advantages of Spacelab and a conventional satellite. It will be put into orbit from the cargo bay of the space shuttle and left to operate autonomously for about six months. It will then be retrieved by the shuttle together with its payload, brought back to earth and prepared for further missions.

Eureca is conceived as the first step in an evolutionary programme which could finally lead to construction of materials —fabricating stations later in the 1990s. Before that can happen, ESA has to take some important strategic decisions. They concern:

First, the type of space platform to be built. One of the key questions is the role of human operators in supervising the space factories of tho end of the 20th century. The French national space agency CNES has already put forward for study by its European partners a project, called Solaris, for a fully-automated space platform which could carry out tasks such as materials processing during the 1990s. Another possibility is European participation in a U.S. plan to build a large permanent space station, incorporating components of Spacelab. ESA, which is dedicated purely to the civilian side of space research, is worried however that the U.S. project would have military uses.

According to M Collet, one possible scenario for 1995 would be for a small space platform carrying automatic materials-processing equipment to be operated in tandem with a larger permanent space station. Men from the space station would be required to visit the "factory" for maintenance and to extract products—but during normal operations the gravity-free processing would be run by robots.

Second, the type of transportation system to be used, in ferrying men and materials to and from orbit. Europe has developed an independent launching capacity—the Ariane rocket —for putting satellites into geostationary orbit 36,000 km above the earth. But for putting objects like space platforms into low-earth orbit, Europe at present is totally reliant on the U.S. space shuttle. To prepare for an era where space factories become commercially important, independence from the U.S. may be required in this second category too.

Winged

ESA agreed at the beginning of this year on a study programme to come up with new space transportation plans by the mid-1980s to try to meet this strategic goal. Aerospatiale, the French state aerospace company, has already carried out studies (see chart) on a fully reusable two-stage launcher aimed at reaching low earth orbit. The first stage would be recovered as a winged vehicle which would cruise, shuttle-like, back to the launch site, while the second would return to oarth after a ballistic re-entry. Significantly, West Germany and France are putting up the most important shares of the roughly £7m cost of the study programmo. The UK Government, which regards tho concept of space factories as rather exotic and is concentrating funds on teleommunications satellites, is putting up only 4 per cent of the cost — an attitude which the ESA finds "very disappointing."

COMPONENT PROVING

'Quake machine in South Ken.

BY ALAN CANE

"SMALL earthquake in South Kensington, not many killed" is the kind of headline guaranteed to send shivers down the backs of consulting engineers Crosvenor Reeve and their clients Principia Mechanica.

The two companies are in the final stages of proving a machine for making earthquakes—in the basement of Imperial College, London's Prince Consort Road laboratories.

Earthquake machines are becoming essential to a rango of industries—predominantly the building and nuclear industries—which supply structures which must be able to withstand the forces generated in an earthquake—typically involving shocks of the order of one to 30 vibrations a second.

The market for such machines is small and specialised. This page has already noted GEC's test rig at its Whetstone laboratory (December 15, 1981) and the linking of Derritron and Servotest to form Derritron Internationsl (June 24, 1982). Derritron plc, alas went into receivership late last year. The Japanese Building Research Unit can shake buildings seven storey's high on its system (September 28, 1982).

The Imperial College is tiny compared with such a monster but it is designed to handle a test part—a valve for a nuclear power station for example—up to four tonnes in weight and two cubic metres in volume.

It cost only £147,000, perhaps the cheapest rig of its kind in the world. Mr Tim Reeves of Grosvenor Reeve is disarmingly honest about the way the company did its sums: "We haven't made any money out of it thought," he added thoughtfully.

The chief problem was building the machine in the middle of South Kensington. A hole three metres square was cut in the pavement to lower the fittings through and an existing 170 tonne concrete water tank was used as the base block.

Mounted on 24 springs, the block moves to the (energetic) touch. Why springs? "Otherwise we would have felled the college and most of its surrounding when the machino was running," Mr Reeve explains.

Principia Mechanica specialises in seismic qualification, the proving of parts for earthquake-prone installations—it provided part of the cash for the rig, with Imperial providing a site and service in return for use of the rig in research and teaching.

Crosvenor Reeve is an idiosyncratic outfit based at Kew which specialises in high quality engineering projects which it tackles on tha basis on interest rather than financial rewards.

It sounds like a recipe for disaster but Mr Reeve points out: "We have stayed in business while many other engineering firms have suffered badly from the effects of the recession." The fate of Derritron perhaps underlines his point.

The company is on 01-948 562

Shotblasting

Portability development

ABOUT seven years ago a small Surrey company produced what was then described as the first portable room for semi-automatic shotblasting. It could have been fully automatic but that would have required a four foot recovery pit, obviously severely restricting its portability.

Now, after some two years of research and development, Power Blast, Collingwood Lodge, Camberley, Surrey (0276 28888) believes it has cracked the problem with a recovery floor only 150mm deep and mini-elevator to cope continuously with a shotblast unit. Mr H. J. Porter is the man to talk to.

Interface system

Upgraded version

AN UPGRADED version of the DMS550 IEEE-488 compatible measurement and control interface system is now available from DI-AN Micro Systems, based in Stockport. This allows the interface te operate with HP-85, HP9816 and HP9826 computers to multiplex and digitise np te 128 channels of analogue input data at rates of over 10,000 samples per second. More details can be obtained from 061 442 9768.

Software

Dataview

DATAVIEW, the Colchester-based software house, has developed a program to allow cash book systems to be run on a microcomputer. The cash book will run on the Commodore 8000 series including the new SK range and 4000 series microcomputers. It costs about £195. More details can be obtained from 0206 869414.

Farming

Package for dairy herds

AN INFORMATION system aimed at dairy farmers has been developed by Reading University. The system is a comprehensive dairy farm management package aimed at a market of around 8,000 farmers.

It handles individual records for herds of np to 700 cows and provides financial and technical information relating to topics such as milk yield, quality deficiencies, feeding plans, artificial insemination, health and pedigree.

Originally demonstrated on the IBM personal computer, the software, called Daisy—what else?—can be run on any of 60 different computers from the DEC PDP11 to an Apple II. The price of the software ranges from £200 to £500 depending on the choice of options. More information can be obtained from Reading University on 0734 85123.

Office system

Hotel 'Rooms'

AN ELECTRONIC office system called "Rooms" has been launched in tho UK by Cara Consulting, a subsidiary of Aer Lingus. Rooms has been developed by the Datavision, the Dutch software house.

Cara says that the system is aimed at small to medium sized hotels. It provides specialist front and back office functions together with word processing, electronic mail, and graphics — all on line.

The system is based on a Motorola/Philips P7000 minicomputer which has the ability to allow remote networking and the integration of in-house sub-systems such as digital telephone exchanges or point of sale terminals.

The smallest system in the Rooms range is about £40,000. This consists of a three work stations. A more powerful version with eight terminal full front and back office management facilities would cost £85,000. More information on 01-743 2021.

Acetal resins

Du Pont material for April

A TOUGHENED acetal resin called Delrin ST has been introdnced by Dn Pont and will be available in Europe in April.

The company says that the material is seven times tougher than untoughened acetal resin and about 30 times more resistant to impact.

Under impact testing to destruction Denrin ST shows 2.5 times more resistance to impact than chemically toughened poyester and np to 10 times more than existing polycarbonates.

Likely applications will he in car components, sportswear, and in mechanical conveyors, small engine components and impact gears, cams and slides. Du Pont de Nemours International is at PO Box CH-1211 in Geneva on (022) 378111.

How sanitaryware is starting to pay off for Blue Circle

By Charles Batchelor

BLUE CIRCLE INDUSTRIES (BCI), Britain's largest cement-maker, is beginning to reap the benefits of the acquisition, just over two years ago, of Armitage Shanks (AS), the Staffordshire manufacturer of ceramic baths, basins and toilet bowls.

The recent £26.3m acquisition of Aberthaw Cement, the smallest of the "big four" cement makers, had suggested that BCI was going back to the job it knew best. But the work that has been going on at AS over tha past two years reflects the far more fundamental changes that BCI has undergone.

The £35m take-over of AS was BCI's response to a declining UK cement market which forced a move into cement-making overseas and into non-cement activities at home.

By tha mid-1970s BCI seemed trapped in a fast-drying mixture of its own product. Tha company was heavily dependent on a shrinking domestic market which contribnted 52 per cent of profits in 1975.

It launched a programma nf expansion into cement markets overseas but was hampered in diversifying in the UK by the risk of competing with its own customers. AS appeared tn provide the answer to Blue Circle's problems. A well-run, long-established company in a related field it posed no direct threat to Blue Circle's building industry customers.

In the two years since tha takeover, the construction industry world-wide has gone into a decline of unexpected severity.

In spite of this downturn, AS has performed even better than expected at the time of the takeover, says Mr John Milne, Blue Circle managing director and chairman-designate.

If anything, the building industry recession has confirmed the logic of the takeover. Blue Circle has reduced its dependence on the UK cement market while AS has been able to expand its own activities, generally producing higher margins, with its new parents' financial backing.

The programme of plant

The logic of the takeover has been confirmed

modernisation and expansion by acquisition currently under way at AS will not produce its full benefits for another two to three years. But both AS's competitors and its customers, the builders' merchants, report they are now dealing with a sharper, more aggressive company. This was partly a necessary response to the tougher msrket conditions but it also appears due, in part at least, to a new-found confidence at AS.

"Their marketing is a bit sharper," said a larger builders' merchants, "They hsve people on the road to persuade local authorities to specify their products in building programmes.

"Ideal Standard is good on price and Twyfords has its traditional market position but AS are the go-go boys. Tha AS product is no better but they are quicker on their feet."

What has the takeover meant for the two companies two years on? Both claim a number of advantages in spite of a decision to allow AS s great deal of freedom within the group structure.

"From the day-to-day point of view thare has been no attempt to integrate production or marketing," says Mr Milne.

"We have very much been allowed to get on with running the company in the same manner as before," says Mr Kenneth Shanks, chief executive of AS and a great-grandson of one of the founders. "It was never imagined there would be integration."

While Blue Circle and AS are both in the building supplies trade, they are at opposite ends of the spectrum. Builders' merchants tend to deal either in the "beavy" end of the business, supplying 5,000 tonnes of cement for an airport runway, or the "light" end, supplying a local plumber with a set of bathroom furniture.

From the technical point of view, however, there are points nf contact. Both companies use kilns in the manufacturing process and are large consumers of energy. They have a common experience of bandling and mixing raw materials.

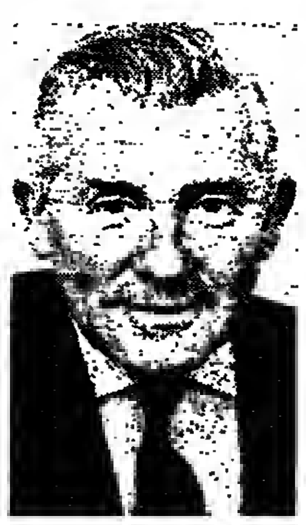
AS's profits were rising sharply before the takeover so financial limits were not a curb to growth. However, the bsckIng of Blue Circle has allowed it to move ahead more quickly. It is currently engaged in a £10m modernisation programme and in expanding overseas.

Last April Blue Circle made its first move intq the U.S. with the acquisition, through AS, of Kilgore Ceramics Corporation, a Texas company, for $12.5m (then worth £7m).

AS is now modernising Kilgore's factories, improving its marketing and extending its product range. The purchase bas given AS access to a politically atable market which is expected to grow rapidly as housing demand rises in the Sunbelt states.

"We would never bave been able to look at Kilgore as well as carry out the modernisation programme without Blue Circle," says Mr Shanks. AS bas followed up the Kilgore deal with the purchase of a small Singapore company.

"We are looking at developing countries, in Africa for example, where not much sanitaryware is being made," says Mr Shanks. "The problem is so many sre unstable. They want free advice and control of the company you set up."



JOHN MILNE
He called in McKinsey

Blue Circle has backed up AS with practical help as well as money. In Mexico, where it has substantial interests, it has introduced AS to its local partners wbo bsva supplied useful information on the Mexican building industry.

Mr Shanks then identified three or four sanitaryware companies, talked to them and got to know the local market. Other AS executives have made similsr surveys of prospects in Chile snd Brazil. Exports and possibly local production plant could ultimately result from this.

AS is also looking to the Far East and has far-reaching plans for Australia. It has expanded in Malaysia and Singapore.

AS is bolding back in Europe because of the depressed state of the market, which Italian producers have swamped with low-cost products. Opportunities to acquire companies bave arisen but AS decided to wait.

Another benefit of the Blue Circle takeover is that AS no longer has to devote a great deal of effort to anticipating a bid.

"In the five years before the Blue Circle acquisition we spent a lot of time looking over our shoulders at predators. We knew we were on everybody's hit list," says Mr Shaoks.

Blue Circle's acquisition of AS was not without controversy. The cement group claimed victory in its bid in February 1980. But the prospect of Britain's last major independent maker of bathroom furniture and the largest company in the sanitaryware field being absorbed by another group prompted the Office of Fair Trading to refer the deal to the Monopolies and Mergers Commission.

In October 1980 the commission cleared the merger on the grounds that it would be unlikely to limit competition, reduce AS's efficiency or worsen employment prospects.

However, Blue Circle was obliged to give assurances that it would not offer favourable terms on bathroom products to win business for other psrts of the group. Nor would it encourage AS to cut prices to put competitors out of business.

Blue Circle appears to bave stuck to these undertakings. "We were concerned they might force builders' merchants who

Assurances given on competition to commission

took cement to take sanitaryware," says one rival manufacturer. "This has not happened."

One of Mr Milne's first acts when be became managing director of Blue Circle in 1975 was to call in the American management consultants, McKinsey, to develop a response to the decline of the company's traditional cement market. Total UK cemeot demand has continued to fall and is currently 12m tonnes a year compared with 20m tonnes in peak year 1973.

Blue Circle decided it needed to increase its non-cement activities with a substantial acquisition. At the time of the bid Blue Circle was roughly ten times the size of AS in both profits and turnover. The target company had to be in a related industry with similar production techniques.

The year before it was acquired by Blue Circle, AS reported profits before tax and interest of £5.06m on turnover of £49m. In 1981, the first full year under the Blue Circle umbrella, trading profits, after depreciation, of £6.3m were made and in the first half of 1982 an unchanged £3.2m was reported.

Over the same period — 1979 to 1981 — Blue Circle nearly doubled pre-tax profit from £53m to £104.1m on turnover which rose 42 per cent to £750m.

In the first half of 1982, however, currency movements and devaluations in Chile and Mexico dented profits. They fell £3m to £48.1m on marginally lower turnover of £370m in the six months ended June 30, 1982.

Proof of the vulnerability of these overseas ventures has not prevented Blue Circle from continuing its foreign expansion. But it does highlight the wisdom of the recent diversification at home.

LEGAL NOTICE

IN THE MATTER OF
MAYFAIR REYNOLD CATERING LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948
CREDITORS' VOLUNTARY WINDING-UP

NOTICE IS HEREBY GIVEN, in pursuance of section 300 of the Companies Act 1948, that a General Meeting of the above-named Company will be held at Adam House, 14 New Burlington Street, London W1X 2BU on the 25th day of March 1983 at 3.30 o'clock in the afternoon for the purpose of having an account laid before the Members showing the manner in which the winding-up has been conducted and the property of the Company disposed of, and of hearing any explanation that may be given by the Liquidator. A Member entitled to attend and vote at the above meeting may appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a Member of the Company.

AND NOTICE IS ALSO HEREBY GIVEN, in pursuance of sections 300 and 341 (1) (b) of the said Act, that a Meeting of the Creditors of the above-named Company will be held at Adam House, 14 New Burlington Street, London W1X 2BU on the said 25th day of March 1983 at 3.45 o'clock in the afternoon for the purpose of having an account laid before them, showing the manner in which the winding-up has been conducted and the property of the Company disposed of, and of hearing any explanation that may be given by the Liquidator, and also of directing the manner in which the books, accounts and documents of the Company and of the Liquidator shall be disposed of.

Dated this 25th day of February 1983.

L. J. GERRARD,
Liquidator.

The strange time-perspective of a dealing room

By Clive Wolman

MR ERIC CORBEN spends much of his time talking of the next century. Dates like December 31 2007 or November 15 2012 roll off his tongue as if they were entries in his diary for dinner-party engagements.

But Mr Corben is hardly a starry-eyed visionary unconcerned with the here-and-now. On the side of his screen he has affixed the words: "30 seconds is a long time in the dealing room."

Institutional investors voted Mr Corben and his team of dealers at stockbrokers Gilbert Eliott 1982's top analysts in a market which, after withering away in the 1970s, has begun to stir over the past two years—the UK bond market. The Government sees the market as an important mechanism for financing the regeneration of British industry, believing that corporate bonds, as relatively illiquid assets, do less to boost the money supply and therefore inflation than bank borrowing.

Local authorities were the first to come back to tap the bond market as interest rates began to fall, then foreign governments and then, in a brief flurry last autumn, large UK companies such as BOC, MEPC and Vaux Breweries.

Business has been roaring for Gilbert Eliott and other stockbrokers with the market turnover in company fixed interest stock reaching £703m in the last three months of 1982, almost double the 1981 figure.

But in the past two months there have been only two new issues and the market appears to have run out of steam.

The attraction of the bond market for company treasurers is that, instead of having to keep in constant touch with their bankers about their lines of credit, they can borrow directly from the ultimate lenders. These are mainly pension funds, insurance companies and other giant institutional investors.

Once the bonds are issued they can be traded. And although their redemption dates may be far away, if any bond finds its price moving out of line even for 30 minutes, it is liable to be swooped upon by Eric Corben. He spends much of his day, darting from computer print-out to screen, from calculator to telephone, to negotiate a bargain in quaint undecimalised form.

"He won't take 25¾ for 250 thou Pearson '07s—he wants ¼," says a worried junior. "Give him 13/32," replies Corben swiftly.

The price of a bond is always set at a margin above that of a comparable gilt-edged security. The margin is necessary because the creditworthiness of companies is less than the Government's and because gilts are more marketable and are granted tax advantages. The margin varies from company to company but in general has widened since September and is much wider than in the 1960s, perhaps because of the shakier state of UK industry.

An opinion poll showing the Tories ahead, a fall in the monthly Retail Price Index or a rise in the value of sterling will all boost the price of gilts because inflationary expectations are lowered. Or rather the dealers believe they are—and that is enough.

Bond dealers endow their wares with the same individuality as their counterparts in Hatton Garden or Sotheby's and they have similar prejudices about them. The recently-issued Inter-American Bank 12¾ per cent 2003 have been christened the "Belgranos" because the bank lends to Argentina—and despite the AAA rating of the bank's paper in the U.S., its London price is languishing as a consequence. When word got around that Islington Borough Council wanted to buy back some of its own next-century bonds, some dealers immediately marked up the price. "We didn't see why we should let those Commies get their stock back cheaply," said one. An issue by the Mid-Sussex Water Company last month was massively undersubscribed because of the water strike.

Brokers often advise one client to buy a bond and another to sell the same stock, thus allowing them to bypass the jobbers. Most commonly the reason is tax, which explains much of the peculiar behaviour of the dealers. Pension funds, for example, have recently been buying up the new high-coupon bonds, as they don't have to pay tax on the interest received, and selling their old low-coupon bonds dating from the 1950s and 1960s to tax-paying institutions.

If the tax system and the constantly changing expectations of inflation provide the bond dealers with more work by boosting the amount of trading, they are also primarily responsible for the diminutive size of today's UK corporate bond market.

The taxman has made one important concession to bonds: companies may deduct the interest payments from their taxable profits. And in the forthcoming Budget, the Chancellor is likely to give companies more incentive to follow their U.S. counterparts by issuing bonds with low or zero interest payments and an increased final redemption payment.

The companies will be allowed to treat the final repayment as if it were a series of tax-deductible interest payments made over the life of the bond (calculated on a compound accruals basis). But the holders of these deeply-discounted bonds would also be taxed on the notional interest payments they were deemed to receive—the Inland Revenue's hallowed principle of symmetry.

The Revenue points out that loan capital is already given a substantial advantage over share capital—for dividends to shareholders cannot be offset against corporation tax. But bond enthusiasts complain that bonds cannot compete with gilts for the attentions of tax-paying individual and institutional investors. Since 1968, profits from gilt holdings have normally been exempt from capital gains tax (now index-linked).

Of greater significance is the issue of low-coupon deeply-discounted gilts where the holder is not obliged to pay any tax on the notional interest payments. "These Treasury-sponsored tax avoidance schemes should be ended," said Mr John Kay, director of the Institute for Fiscal Studies.

Over the last year, the Government has refrained from issuing any high-coupon conventional gilts at the long-dated end of the market to leave the arena free for companies. It has also tried to stop government debt crowding out private investment. As Lord Camoys, managing director of Barclays merchant bank, said: "The ending of the tax advantages of gilts over bonds would be the logical conclusion of the present Government's policy of encouraging private sector investment by bringing down the Public Sector Borrowing Requirement."

It is inflation, however, that lies at the root of what Lord Camoys calls "the psychological illness" of the UK long-term interest market. Investors, he says, are frightened after their experience of mid-1970s inflation which wiped out most of the value of their low-coupon bond holdings. Now they are demanding high interest rates, 8 to 9 per cent higher than the current inflation rate, to insure themselves against a long-term resurgence of inflation.

On the other side, the frequent bond issues of the 1960s were brought to a sudden end with the rise in interest rates in the early 1970s. In November, the sudden reversal of the trend towards lower interest rates was the main reason for the loss of momentum in the bond market. Said another director of Barclays merchant bank, Mr Jonathan Scott: "There seems to be a consensus among corporate treasurers that if they could get funding at 10½ or 11 per cent interest, this would be the trigger point and you would find a flood of companies coming to the market."

Mr Alan Hinkley, director of the international division at County Bank, is more sceptical: "Corporate treasurers are not used to making long-term commitments. They keep postponing and postponing, believing interest rates will come down just a bit more. In the U.S., companies carry a fixed-rate financing by spreading their bond issues over a period of time."

In September after a fall in inflationary expectations and interest rates, the BOC Group was the first industrial company to return to the bond market with a 12¼ per cent £100m unsecured loan redeemable in 2012 or 2017. Mr Richard Wakeling, group treasurer, said: "We have a policy here that when we see rates come down to a bearable level, we jump in."

By contrast, Thorn-EMI, the electronics group, has only £10m of its £270m debt in the form of loans not repayable for more than 10 years. It was preparing to issue a long-term bond just before Christmas, but backed down when interest rates rose again. "Our limit was 12 per cent," said Mr Harold Mourgue, finance director. "The concept of 25-year money is possibly outdated anyway. Eight-ten-year money makes more sense. We do not have the same long-term matching investments as BOC."

Index-linked bonds 'frighten me... so much could happen'

But why have all UK companies spurned the suggestions made by several merchant banks that they could insulate themselves from fluctuating inflation and nominal interest rates by issuing index-linked bonds at 3½ to 4 per cent real interest rates?

Mr Mourgue said: "I get frightened looking at index-linked bonds. So many things could happen to prevent the prices of our products from keeping up if there was a period of hyper-inflation."

According to Mr Tom Quinn, a stockbroker at Greenwell's: "Corporate treasurers aren't innovative and the disciplines on them are not defined in inflation-adjusted terms. Even index-linked gilts are a new toy. The boys are just getting used to playing with them." To link bonds to an index measuring a company's product prices is just unheard of in the UK, but it happens overseas.

In view of all the difficulties involved in issuing bonds, some analysts have suggested that companies may as well continue to rely on bank borrowings. These typically have to be rolled over every few months and bear floating interest rates, set at a margin above the inter-bank rate. But the major clearing banks are increasingly willing to give companies medium-term loans of seven to 10 or even 15 years, occasionally at fixed rates. Such loans provide companies with the assurance that the carpet cannot be pulled from underneath them. A healthier-looking debt maturity profile is comforting to trade creditors.

In a paper published last month, Mr Tim Congdon, an economist at stockbrokers L. Messel, argues that the spate of bond issues in the autumn may have done more to promote bank lending than it has to promote the corporate bond market. The banks raised £350m in long-term finance whereas industrial and commercial companies raised only £265m, he estimates. But, as the banks' borrowed money is subordinated and treated as part of their capital base, this has increased their lending potential by over £4bn.

Mr Hinkley believes that institutional investors should redevelop their forgotten expertise in rating bonds. "Even private investors should be buying bonds if we want to get a proper capital market going," he says. "The newspapers could provide information and advice for ordinary people."

Roger Taylor

Eric Corben in the Gilbert Eliott dealing room in the City

APPOINTMENTS

New McLeod Russel chairman

At a board meeting of McLEOD RUSSEL Sir John Jardine Paterson resigned as chairman but will remain a non-executive director. Mr John Guthrie was elected chairman and Mr Trevor K. Faris and Mr Kevin C. McCabe were appointed directors.

*

Mr R. V. Jones, managing director of the group's international division, has been appointed to the board of GUINNESS PEAT FINANCIAL SERVICES, the holding company for Guinness Peat's activities other than merchant banking and insurance broking.

*

Mr M. R. Cornwall-Jones has been appointed deputy chairman of ECCLESIASTICAL INSURANCE OFFICE.

*

At Supra Group Mr Alan Edis, commercial director, has been appointed managing director of SUPRA AUTOMOTIVE. He joined the group 18 months ago after eight years as a director with British Leyland. Mr Peter Dighton remains sales and marketing director of the automotive division. Mr Anthony Long has joined the group as director and general manager of the electrical products manufacturing centre at Burton Latimer. He joins Supra after 10 years with IMI Radiators.

*

RICHARDS, LONGSTAFF (UNDERWRITING AGENTS), a new company, has been added to the register of Lloyd's underwriting agents as a members' agent. The directors are: Mr S. E. Scrope, Mr H. N. Lund, Mr B. N. Douetil, Mr A. I. Bremner, Mr R. T. W. Noton and Mr J. M. Greener.

*

LAKE AND ELLIOT FOUNDERS AND ENGINEERS, Braintree, has appointed Mr Jim Carn as managing director. He was appointed director and general manager 2½ years ago.

*

BARRATT DEVELOPMENTS has appointed Mr Michael Norton as group sales and marketing director, in succession to Mr John S. R. Swanson who is now chairman of Barratt American Inc. Mr Norton joined the Barratt Group in 1977 as managing director of the Bristol subsidiary, and became deputy chairman of Barratt Northern.

*

Lord Carrington is to rejoin the board of CADBURY SCHWEPPES as a non-executive director. Lord Carrington was a member of the board until 1979 when he was appointed Foreign Secretary.

*

Mr A. G. B. Young has been appointed an adviser to WILLIAMS AND GLYN'S BANK on the Far Eastern area. He is co-chairman of the Anglo-Indonesian joint working party on trade and investment and a member of the South East Asia trade advisory group of the British Overseas Trade Board. He was formerly a director of Arbuthnot Latham Holdings and is a director of a number of other companies.

*

Mr Ross Gibbons is to join the board of AMALGAMATED DISTILLED PRODUCTS in April. He will be appointed managing director of that company and will also join the board of Barton Brands, ADP's U.S. subsidiary. Mr Gibbons was a director of Grand Metropolitan and chief executive of its leisure division.

*

A Midland Bank branch is being built in Milton Keynes by JOHN WILLMOTT (BEDFORD) under a contract worth about £117,000. Willmott are fitting out an existing office building to form the new branch premises, which is part of a large commercial block in Silbury Court, Silbury Boulevard. Completion is due in April.

*

Mr Peter Bernard Kaye and Mr Charles Kenneth Walford have been appointed directors of ARENSON GROUP.

*

MATTERSON of Rochdale is to supply a 12 tonne high specification crane and supporting steelwork, worth £30,000, to the North of Scotland Hydro-Electric Board for plant assembly and maintenance of a steam turbine generator being installed at the Lerwick "B" generating station on Shetland.

*

Mr James Blyth has joined the board of SILENTNIGHT HOLDINGS as a non-executive director. He was appointed to the board of United Biscuits (UK) in 1972 as commercial director and in 1976 to the board of United Biscuits (Holdings) as group finance director.

*

Mr P. W. B. Holmes, general manager, has been appointed to the board of RICARDO CONSULTING ENGINEERS. Mr M. C. Gibbons has been appointed deputy managing director of Ricardo's subsidiary, G. CUSSONS, and Mr C. F. Shadbold has been elected to the board as technical director.

*

Mr Bob Macfarlane has been appointed managing director of LEECH HOMES (SCOTLAND), the Falkirk-based member of the Williams Leech Group. Formerly in charge of Tyneside-based Leech Construction, he was personal assistant to Mr Peter Milburn, managing director of Leech Homes, immediately prior to his Scottish appointment.

NOTICE OF REDEMPTION

Harris International Finance N.V.

5% Convertible Subordinated Guaranteed Debentures Due 1992

Notice is hereby given that the entire remaining principal amount of the Debentures are called for redemption on April 1, 1983 at the redemption price of 101% of the principal amount together with accrued interest thereon to April 1, 1983. The redemption price will be due and payable on April 1, 1983 and interest on the Debentures will cease to accrue on and after such date.

Any holder of the Debentures has the right to surrender such Debentures for conversion into fully paid and non-assessable shares of Harris Corporation Common Stock at the rate of 65.98 shares of Common Stock for each $1,000 principal amount of Debentures. Such right shall terminate at the close of business on April 1, 1983.

Debentures presented for conversion prior to April 1, 1983 must have all coupons maturing after the conversion date attached. For Debentures presented for conversion on April 1, 1983, the April 1, 1983 coupons can be detached and presented for payment in the usual manner, but all coupons subsequently maturing must be attached.

The Debentures may be presented for payment or conversion at the following locations:

Citibank, N.A.
111 Wall Street
New York, New York 10043

Citibank, N.A.
Citibank House, 336 Strand
London, WC2R 1HB

Citibank, N.A.
Avenue de Tervuren, 249
Brussels, Belgium

Citibank, N.A.
Herengracht 545-549
1000 C.B. Amsterdam, Netherlands

Citibank, N.A.
Foro Buonaparte 16
Milan, Italy

Citibank, N.A.
Grosse Gallusstrasse 16
Frankfurt, Germany

Citibank, N.A.
60 Avenue des Champs Elysees
75008 Paris, France

Kredietbank S.A. Luxembourgeoise
43 Blvd. Royal
R.C. Luxembourg No. B6395

Harris International Finance N.V.

March 2, 1983

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Tebbit plan to 'inhibit' essential service strikes

BY JOHN LLOYD, LABOUR EDITOR

MR NORMAN Tebbit, the Employment Secretary, yesterday confirmed his intention to develop some mechanism for curbing strikes in essential services.

Last month, Mr Tebbit hinted during an appearance before a House of Commons Select committee on employment that plans for such a mechanism could form part of a future Conservative manifesto.

In reply to questions in the Commons yesterday Mr Tebbit said he wished to "inhibit the propensity of people to strike in the public essential services," but stressed he did not intend to outlaw the right to strike.

Replying to hostile questions from Labour MPs, Mr Tebbit said "the public would want me to consider" such a mechanism.

He said he had no vendetta against the unions, adding: "I have every intention to do what I can to ensure that the members of trade unions are assured of their rights in relation to politically motivated leadership which often forces them out on strike and acts against their best interest."

Mr Tebbit was criticised by Mr Jack Ashley (Labour) who said legislation against the trade unions might bring a short-term victory "but it really will end in a long-term disaster for industrial relations."

Tebbit: no vendetta against unions

The British Institute of Management yesterday called on Mr Tebbit to revise the law on industrial action in essential services.

In a letter to Mr Tebbit, Mr Roy Close, the BIM's director general, said that a survey of managers showed they wished industrial action prohibited in advance in key industries such as gas, electricity, water, fire and health services, police and armed forces. This would be balanced by a comparability mechanism for pay and recourse to arbitration.

● A warning to Mrs Margaret Thatcher, the Prime Minister that rising unemployment in Northern Ireland is directly boosting support for the IRA and other paramilitary groups was delivered yesterday by Mr Clive Soley, Labour's spokesman on Northern Ireland.

In a letter to Mrs Thatcher, Mr Soley appealed for extra government spending in the province to halt the downward economic political spiral.

The province's industrial base could already have been damaged beyond recovery, he said, pointing out that in what was once the most prosperous industrialised part of Ireland, there were 30,000 more people on the dole than were employed in manufacturing industry.

Northern Ireland was suffering from higher and more lasting unemployment, higher retail prices and lower wages than any part of the UK. "An alarming number of people are finding themselves unable to feed their children without being driven into debt," he said. "It is a question of poverty, and unfit housing and inadequate social services. Unemployed young people are easy prey for the recruiting officers of the paramilitary

Job losses 'will rise for next five years'

By Max Wilkinson

UNEMPLOYMENT will continue to rise steadily in the UK for the next five years, the Henley Centre for Forecasting predicts in its latest economic review.

The centre believes that by 1987 adult unemployment will have reached 3.5m, some 700,000 more than the average figure for last year. It agrees with several other independent forecasters that economic recovery in the UK is likely to be considerably weaker than for the industrialised world as a whole.

It thinks output in the current year will be 1.7 per cent higher than in 1982, and that growth will reach its fastest rate of 2.7 per cent in 1984 before declining to less than 1 per cent in 1986.

The centre believes there will be a further depreciation of tha pound this year to bring its average value for the year against a trade weighted basket of currencies to 15 per cent below its level for 1982. Thereafter it predicts a slow fall in the effective value of sterling by about 4 per cent to 5 per cent a year.

Talbot UK loss cut to £55m

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN GENEVA

TALBOT UK the Peugeot subsidiary greatly reduced its net loss last year to £55m, down from £91m in 1981 M Jacques Calvet, vice-president of the Peugeot-Citroën-Talbot group said yesterday.

Talbot UK, he predicted, should do better in 1983, and the net loss was likely to be reduced by two thirds – indicating a deficit of £18.5m.

Speaking at the Geneva Motor Show, M Calvet said his company was actively considering a number of options "to protect the Peugeot group's positioo in Britain."

He did not go into details, but it is understood that some executives in Peugeot's Paris headquarters are considering whether the company needs two assembly plants in Britain.

On the other hand, it is believed that the Talbot UK management is pressing for expansion and for a new product to be introduced to the Ryton, Coventry, assembly point.

This would be the Peugeot 205, a "super Mini" which competes with cars, such as the Austin Metro, Ford Fiesta and Renault 5. The 205 was launched in France last month and orders are running ahead of expectation at 1,000 a day.

Ryton assembles the Horizon, tha Alpine and the Solara from French kits for sale in Britain. If Peugeot gave the go-ahead for 205 assembly, more jobs would be created at the plant, but Talbot would want to attract further UK Government financial aid.

Peugeot's original intention was for the 205 to be built at Mulhouse, Alsace, and eventually at the Talbot plant in Villeverde, near Madrid in Spain. A decision on UK assembly would have to be taken by mid-summer to prepare Ryton for 1984 start up.

Imports of the 205 to Britain are scheduled to start in September and Talbot hopes to capture about 1.5 per cent of total new car sales with the product, indicating annual registrations of about 25,000.

M Calvet said yesterday that Talbot UK's 1982 losses were mainly attributable to difficulties with the contract for supply of car kits from Britain to Iran, but there had been a major inflow of orders this year.

According to Talbot UK, the Iran National Company, which assembles the kits from Talbot's plant at Stoke, Coventry, is pressing for delivery of 95,000 kits this year.

This compares with a previous schedule for 1983 of about 75,000-80,000 and the 40,000 shipped in 1982. Break-even output on the contract is understood to be 60,000 a year.

M Calvet maintained that the Peugeot-Citroën-Talbot group as a whola expected at least to break even in 1983. The indications are that the group will declare losses of around FFr 2.3bn ($338m) for 1982, against losses of FFr 1.99bn the previous year.

Apart from improvements in the UK this year, there should also be a better result from Talbot Spain where a referendum among the workforce has led to an agreement for a 46 per cent reduction (of 4,600 out of 10,000) in jobs over the next three years.

M Calvet said the Spanish government was giving "very substantial" financial assistance for the demanning programme as well as towards the investment required to add 205 assembly facilities at the Villeverde plant.

Hopes rise for Vauxhall import

GENERAL Motors yesterday came a step closer to importing a Spanish built car into Britain and calling it the Vauxhall Nova. Throughout Europe the model is called the Opel Corsa.

Yesterday nearly 2,000 members of the Transport and General Workers' Union at Vauxhall in Ellesmere Port, Cheshire voted to lift their ban on the car which is due in the showrooms at the end of next month. Union leaders had pledged to oppose import of the car to project jobs.

This move follows talks between unions and management resulting in an announcement that output at Ellesmere Port, where Chevettes are manufactured and Astras assembled, is to be increased from 35 to 38 an hour this Easter. By August next year the company hopes to reintroduce double shift working.

The engineering union, the largest at the plant with 2,200 hourly paid workers, meets next week to discuss the plan. So far their shop stewards have been totally opposed to the Saragossa-made car being imported and have treatened to have it blocked by port workers.

The union wants the car to be built at Ellesmere Port where there have been more than 3,000 redundancies in recent years.

After yesterday's meeting the company said it was "encouraging" but declined further comment until after the engineering workers had met.

Vauxhall/Opel has a 14½ per cent share of the UK market. Last year the company's sales increased by 43 per cent against a general rise in the industry of only 4.7 per cent.

Sharp in European search for VCR site

By Robin Reeves

THE JAPAN-based Sharp Corporation is studying the possibility of establishing a major video cassette recorder (VCR) manufacturing plant in Europe.

Senior officials from the Osaka-based company have visited potential component suppliers in Wales in the past few days. They indicated that the project could eventually involve the manufacture of up to 750,000 VCRs a year.

However, the company is understood also to be examining potential sites in the north of England and Scotland, however, and on the Continent, before coming to a final decision on the project. Reports of Sharp's investigations were neither confirmed nor denied yesterday by senior officials at the Welsh Office and the Welsh Development Corporation, which is responsible for attracting investment to Wales.

The attractions of South Wales for Sharp include the fact that the region already has four well-established Japanese consumer electronics companies – Sony, Matsushita's National Panasonic, Hitachi (in partnership with GEC) and Aiwa.

Both the Sony and Matsushita plants have expanded considerably since the companies made their initial investment in colour TV manufacture, but so far neither has indicated that its Welsh operation might diversify into VCR production, despite the current rapid expansion in the UK video recorder market.

Breakfast TV chiefs deny crisis at channel

By Raymond Snoddy

MR PETER JAY, chairman of TV-am, told his staff yesterday they had the confidence of the board and the confidence of the investors in the commercial breakfast channel.

At a morning meeting designed to dispel any depression caused by the latest fall in viewing figures, staff were reportedly told: "Don't panic. We're here to stay."

TV-am said later there was no crisis of confidence despite the fact that the latest figures show that the BBC morning television programme is attracting five times more viewers than TV-am.

The latest figures for the week ending February 27 show that the TV-am audience has dropped to about 300,000 while the BBC had increased the audience for its "breakfast time" by 200,000 to 1.6m.

TV-am pointed out yesterday that the viewing figures referred to average viewers per quarter hour and channel researchers were at present working on the cumulative total for total number of viewers per programme.

Barclays Merchant Bank which has a 10 per cent stake in TV-am said yesterday: "We are concerned at the fall in the viewing figures for TV-am but we have confidence in the management and in tha positive steps they are taking to improve the situation."

Considerable internal research was also being carried out to try to explain the "massive discrepancy" between the size of the TV-am audience and that of the BBC, it said.

Building societies to share cash points

BY MICHAEL CASSELL AND ALAN FRIEDMAN

BRITAIN'S building societies have decided to step up their competition with the banks by pushing ahead with a nationwide system of shared cash dispensers.

The proposal, which may start next year, is the building societies' latest attempt to attract deposits.

In the past week alone the Leicester Building Society has teamed up with the Post Office's National Girobank to offer Leicester accounts through 20,000 Post Office bureaux, and the Abbey National Building Society has launched a chequebook account in conjunction with the Co-operative Bank.

After a six-month investigation, including a first-hand inspection of automated teller machines (ATMs) in the U.S., a Building Societies Association study group has concluded that a shared ATM network in the UK could be successful.

Mr Peter Lumb, a general manager at the Leeds Permanent Building Society, who chaired the study group, said the prospect of a shared system has generated a great deal of enthusiasm and the search for a suitable scheme was being treated "as a matter of urgency."

He was convinced that societies would have to move into the payment services sector if they were to grow.

Already the study group has attracted interest from companies and organisations as diverse as Citibank Savings (the UK subsidiary of America's Citicorp), British Telecom, the National Girobank, a National Westminster Bank computer services subsidiary, the Co-operative Bank and major computer hardware suppliers, such as NCR.

The establishment of a national ATM network for as many as 6,500 building society branches could create contract opportunities worth tens of millions of pounds for some of the participants. Others might join in such a scheme to expand their own personal financial services on offer to tha public.

The building societies have yet to decide whether to adopt a system for their exclusive use or whether to share with other financial institutions. Alternatively, they could make arrangements with a third party such as British Telecom.

The societies must also still decide whether tha system will provide cash withdrawal facilities or a wider range of services.

Citibank, which has the technical experience of running its own ATM network in the U.S., has held discussions with the building societies study group. It has also had tentative talks with the Post Office and is believed to favour a consortium including National Girobank.

A Citibank executive said: "The building societies are going to try to offer a full range of banking services over a number of years. Citibank can offer logical assistance." There are 40 branches of Citibank Savings in the UK.

A British Telecom spokesman said: "We are discussing ATMs with the Building Societies Association. We are interested in them and have put to the societies outline proposals which, at this time, we are treating as commercially confidential."

Centre-file, a NatWest computer services subsidiary, said it had also been involved in discussions. NatWest said no conflict of interest was involved.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Original copy

I am a company secretary. The Registrars, who are a subsidiary of a clearing bank, have refused to accept a photocopy dividend mandate lodged by a local authority which informs me that similar mandates have been accepted by other registrars. Our legal advisers support our Registrars *in their view that* a photocopy is not a signature.

(a) Are our Registrars right to refuse to accept a *photocopy bank mandate?*

(b) What minimum additional documentation (such as a signed letter of authority) could be lodged with the Registrars to enable them to accept the mandate?

We think that the Registrars are strictly correct. The fact that other registrars do not insist on original signatures does not detract from the propriety of their stance. A fresh, or duplicate, mandate with an original signature would resolve the position.

Tax on futures profits

I have losses accruing from gold futures. Your recent article entitled "A weekend break before the Budget" (February 5) indicates such losses can be offset against capital gains.

I have read elsewhere that the Inland Revenue regards futures profits as taxable as income not as capital gains on investment. Under which tax category do my futures losses fall?

Clive Wolman's article should not be taken too literally; it was intended as an aide memoire, not an explanation of technical points.

As we have mentioned from time to time (eg in our Business Problems column on October 13, under "Schedule D or capital gains"), a loss on your futures contracts may well be regarded as allowable only against Case VI profits.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Okuma Machinery

Going full tilt with electronics

BY IAN RODGER

ALL THE familiar danger signals are there.

A formerly obscure manufacturer has *suddenly* enjoyed phenomenal growth — sales quadrupling in five years—and assumed a leading world position in its sector.

Its share price has soared and two new equity issues have easily been sold to eager buyers. The company has taken advantage of its new fortune to build a gorgeous head office building (finished with pink bricks). A new corporate logo and accompanying glossy literature have been produced and the directors have acquired a certain sartorial splendour.

"Sell!" comes the cry from portfolio managers everywhere. And, sure enough, the shares drop, falling more than 40 per cent from their early 1981 peak. Profits are expected to be off 45 per cent in the year to March, 1983.

But wait. This is a Japanese company and, as in so many cases, things in Japan are different.

It would be rash to conclude from the telltale Western signs of corporate decay that machine tool maker Okuma Machinery Works was in trouble or losing its competitive position.

The company is indeed having a difficult time this year, but *its* problems are paltry in an industry plagued with bankruptcies and lossmakers.

Production at the new 150,000-square metre *factory* outside Nagoya is down *only* 20 per cent and workers are still doing some overtime.

Okuma's relative strength can be traced to three main factors. The most important was the company's courageous *decision in the early 1960s* to try on its own to harness electronics to machine tools. It became a pioneer in the development of numerical controllers and then one of the first producers of computer numerical controllers in the early 1970s.

Secondly, Okuma restricts its product line to a small range of computer controlled lathes, machining centres and grinders. And thirdly, it keeps a tight rein on its borrowings. "Machine tool demand fluctuates so much that we don't like to be in debt," says Hajime Okuma, a senior director.

The last balance sheet at March 31 1982 showed long term debt of only Y160m (£430,000) compared with shareholders' funds of Y29.2bn (£78.9m).

While Okuma's prominence is relatively recent—it is now among the top 10 machine tool makers in the world in terms of sales—and claims 20 per cent of Japan's market for CNC lathes—the company has been around for a long time.

Founded in 1898 in Nagoya by an inventor, Eiichi Okuma, it has manufactured a wide range of machinery over the years but has concentrated on lathes and milling and grinding machines.

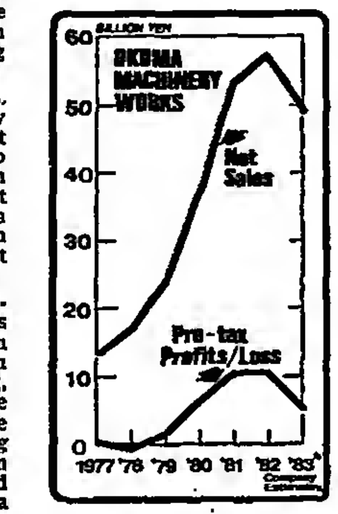
Okuma went public in 1918. Members of the Okuma *family* still manage the company but their shareholding is down to less than 5 per cent. Foreign *investors have acquired* just under 10 per cent, mainly as a result of two issues of European depositary receipts in the past three years.

Okuma has long had a reputation for innovation and, as sometimes happens in such companies *there has not* been much emphasis on marketing, and sales and profits have fluctuated significantly. The *company suffered operating* losses as recently as 1978 when there were numerous board changes and what Mr Okuma called "drastic changes" in the organisation, *including* the installation of his father, Takeo Okuma, as president.

Takeo Okuma's factory is a showplace for the company's advanced technology. This flexible manufacturing system (FMS) consists of seven machining centres capable of machining 95 different types of components. The system works automatically around the clock, overseen by only one or two operators at a time

The most important moves, he says, were aimed at improving productivity through better labour relations, and at improving product quality and marketability.

"Our products used to look like they were made by professors, and they were."



Okuma says the number of customer warranty claims has been reduced by 40 per cent in the past four years and customer service improved through the *establishment* of parts depots in New York and Dusseldorf.

But Okuma's major underlying *advantage was having* been in at the start of what the Japanese like to call "mechatronics."

Most machine tool makers had been unwilling or unable to explore on their own the alien electronic technology and its potential. Thus, when computer controlled machines began to achieve significant market penetration, they had no choice but to buy controllers from computer manufacturers, such as Fanuc and General Electric.

Okuma, on the other hand, had developed its own machines, and its sales of NC and CNC machine tools soared from Y7.5bn in 1976-77 to Y46.7bn in 1981-82.

Okuma remains one of very few machine tool makers in the world that makes its own *controllers*. The company considers this an important marketing asset, as is reflected in its promotional slogan, "Your single source for machine and control." Until last year, it refused to sell its controllers to other machine tool manufacturers, but now these sales are helping to offset the fall in machine orders.

The success of its CNC tools has enabled the company to simplify its product line and streamline its marketing efforts.

Its range consists of seven CNC lathes, four machining centres, an NC boring machine and six grinders, two of which are computer controlled.

Already in 1977, NC and CNC tools accounted for 70 per cent of total sales and now the figure is closer to 90 per cent. Most *of* Okuma's *conventional* machine tools are now made under licence by a Taiwanese company.

Specialisation and volume production have become important factors in surviving in the highly competitive machine tool industry and Okuma now concentrates much of its development effort on improving its existing products. It has just completed a major improvement of its control system, *for example* and has developed for its machines a DC servo motor that works without brushes and so reduces wear.

The company is increasingly active in designing turnkey flexible manufacturing systems (*FMS*) based on its *turning* machines and machining centres, and it has invested some effort in devloping robots. But it appears to have decided for the moment to restrict robot manufacture to the quantity needed for its own FMS business.

Okuma is sensitive to complaints in the U.S. and Europe about severe price cutting by Japanese producers, but claims it has not been guilty.

"We stick to our list prices which tend to be about 10 per cent higher than those of other Japanese manufacturers," Okuma says, and outside observers confirm the company's integrity.

The company has considered setting up manufacturing operations outside Japan either by acquiring a company or starting a greenfield project but has *concluded it would be better to* establish joint ventures.

"We have been talking with several U.S. and European builders and expect to reach agreements both in the U.S. and Europe within the next three months," Okuma says.

That too sounds like a familiar signal but perhaps Okuma will maintain its pattern of being different.

PREVENTATIVE HEALTH CARE

If you smoke, drink, eat cream cakes, or feel smug . . . read on

BY MICHAEL DIXON

MR FIT sounds like someone *all male executives should* strive to be or, if they don't, ought at least to feel guilty about it. But the name refers not so much to a person as to one of the most ambitious medical experiments ever mounted. Its aim was to find out how far men's lives and health are prolonged by regular checks and personal attention by doctors and other *medical* experts.

The sparkling fitness implied by the name gives entirely the wrong idea about the people who took part in the test. There were 12,866 of them, aged 35 to 57. All had been identified by American doctors as being at high risk to coronary heart *disease* because they smoked, had high blood pressure and/or were *chock* full of cholesterol.

Small army of experts

For the next seven years they became the subjects of the United States Multiple Risk Factor Intervention Trial, or MRFIT, which involved 28 medical and health institutions and 250 researchers, and cost $115m.

All the men were told of the danger they were in. But about half — 6,438 chosen *randomly* —were left to do what they wished about it through their normal medical arrangements, although they were called in for a medical examination under the programme at the end of each year.

The other 6,428 were each assigned to a small army of experts, *including psychologists*, nutritionists, nurses, physicians and health counsellors. Individually and in small groups *accompanied* by wives or friends, the second half of the whole sample were given intensive treatment and guidance of the best *approved* kinds to curtail their smoking, reduce their blood pressure and purge their diet of cholesterol.

Even those who responded well to the treatment continued to be re-examined closely at least every four months throughout the test period. The wayward were inspected and jollied along at shorter intervals as their cases required.

By comparison with the first half of the sample who were left largely to their own devices, the expertly guided group were *a lot more successful* at reducing their smoking. They were a fair deal better at getting down their blood pressure. The difference between them and their counterparts in cutting cholesterol was less pronounced, although *still* statistically significant.

So hopes of establishing the effectiveness of regular, expert intervention to control health risks ran high—until, that is, the final results of the seven-year trial became available a few months ago.

Among the subjects of the intensive intervention, deaths from coronary heart disease during the trial worked out at 17.9 per thousand, and from cardiovascular disease at 21.5 per thousand. These were lower than *the rates for* the other group, which were respectively 19.3 and 22.5.

But the differences were well within the margin that could be accounted for by chance and so, statistically, ruled out any conclusion that the expert *intervention had been productive* in cutting down liability to the two kinds of heart disease.

What is more, when it came to deaths from *all* causes, fewer of the men left largely to their own devices had died although the difference once again was *statistically insignificant*. Their rate was 40.4 per thousand compared with the guided group's 41.2.

Disappointed, the *health-care* professions, and not only those in the U.S., are seeking explanations as to why the costly experiment has indicated that their best attentions have no appreciable effect.

One hypothesis is that some elements of the intervention had good effects on the guided group, but that other elements had bad results and so cancelled out the benefits. Another is that, having been warned of their danger, the group largely left alone still reduced their smoking, blood pressure and cholesterol intake. Even though their indulgence remained significantly greater on all three counts, their improvement might *have* been *enough to prevent* the benefits of the intervention from showing up statistically. A third is that *seven years is not long enough* for the expert treatment to take effect.

Dangerous levels

But all three suggestions are no more than speculative and, since such an expensive trial *is* unlikely to be repeated, *will* probably never be put to the test.

For those of us who pay to receive, instead of *being paid to* provide, health-care, the inconclusive outcome of MRFIT cannot of course be taken as a go-ahead for *cholesterol-guzzling* blood-pressure-boosting and smoking like chimneys. Indeed, *while* technical factors leave it open *to doubt*, there is *evidence* that cigarettes significantly raise the risk of a coronary.

But it does seem that intensive expert intervention is of little or no avail to men who have already let their indulgences creep up to dangerous *levels*. They would do just as well to try to cut down by their own efforts, and save themselves, their companies or the taxpayers a good deal of cash.

BOND DRAWINGS

KINGDOM OF DENMARK US.$25,000,000 5½%
20 YEAR EXTERNAL LOAN OF 1964

HAMBROS BANK LIMITED hereby gives notice that in accordance with the terms and conditions of the above loan, the redemption for 8th April 1983 has been effected by the purchase of US.$216,000 (nominal) and the under-mentioned bonds amounting to US.$1,444,000 (nominal) were drawn on the 24th February 1983 for redemption at par. The outstanding balance after the 8th April 1983 redemption is US.$1,760,000 (nominal).

The drawn bonds may be presented to Hambros Bank Limited, 41 Bishopsgate, London EC2P 2AA or to the other Paying Agents named on the bonds.

Bonds surrendered should have attached all unmatured coupons appurtenant thereto. Coupons due 8th April 1983 should be detached and collected in the usual manner.

For payment in London bonds will be received on any business day and must be left three clear days for examination.

BONDS OF US.$1,000

55	56	63	153	185	12472	12481	12482	12483	12524	21990	22000	22014	22026	22030
192	193	201	202	203	12527	12848	12976	12987	12988	22032	22033	22034	22036	22037
204	230	259	396	415	12989	13029	13030	13031	13032	22038	22040	22042	22045	22050
431	435	447	450	451	13035	13049	13050	13051	13121	22056	22101	22102	22103	22104
452	454	455	458	459	13125	13240	13279	13280	13282	22106	22107	22108	22109	22110
461	472	482	485	486	13317	13320	13326	13444	13445	22113	22116	22117	22121	22123
487	498	499	500	511	13467	13486	13489	13596	13597	22127	22128	22129	22285	22288
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12293	12295	12297	12299	12300	21980	21982	21983	21988	21989	24992	24995	24997	25000	

HAMBROS BANK LIMITED
9th March 1983

COMPANY NOTICES

PUBLIC NOTICES

PLANT AND MACHINERY

ART GALLERIES

EXHIBITIONS

CLUBS

THE ARTS

Minipoppers: having a whale of a time

Television/Chris Dunkley

Pepping up the spice of life

Dear Cecil Korer,

When James Moir became head of variety in the BBC's Light Entertainment Group 16 months ago I wrote him an open letter in this colum about the state of so-called variety shows on television. I say "so-called" because one of my main complaints about shows of this sort has always been their striking lack of variety.

Among the first television reviewa I ever wrote was one about a Shirley Bassey showcase programme on BBC1 called *Singing Special* during which the star sang among other things, "This Is My Life." That was in 1970. Here we are 13 years later and tonight at 8.00 ITV is screening the showcase programme *Shirley Bassey—A Special Lady*. And in case anybody thinks that only ITV has been marking time, it is worth noting that in *Paul Squire Esq* in BBC1 on Saturday night—another typically conventional showcase programme—the star sang, among other things, "This Is My Life."

What is more, Shirley Bassey's guest star tonight is pianist Richard Clayderman, a dishy blond Frenchman with a shy smile and a double-breasted blazer who has upped bis income approximately a thousandfold by simply abandoning Bach and Brahms and settling instead for Bacharach and Bernstein.

Nothing wrong with that, the competition at the Bach level is decidedly fierce and, since Russ Conway faded, television has not had a really popular provider of piano slush apart from Liberace, who is something rather different. However, Clayderman was also the star guest on the first of a new BBC2 seriea last Thursday called Groce *Kennedy*—another typical star singer showcase.

Grace Kennedy's other star guest (there is no category of guest below that of "star") waa Bonnie Langford who then turned up as one af the "top stars" on Saturday's *Wogan*. Next season we can presumably expect *The Bonnie Langford Show* and a *Richard Clayderman Special* with star guests Shirley Bassey, Terry Wogan and Grace Kennedy: that, it seema, is what "variety" means to a television producer.

But why address all this to you? After all, even though you have spent 25 years in light entertainment and were until last year *senior* editor *in* the BBC's Programme Purchasing Department, you are now Light Entertainment commissioning editor for Channel 4 and were not therefore responsible for Bassey, Kennedy, Squire, or any of those mentioned so far. That is precisely why I am writing. Channel 4 with its commitment (even a statutory obligation) to be different seems like the brightest hope for those of us who would like to see a little progress in this area — even if it is not one of Channel 4's strongest.

Not that things have stood still entirely since the letter to James Moir. That said *inter alia* "If you were to encourage an awareness that in addition to the generation wanting to hear "Tipperary" and "Pack Up Your Troubles" from Max Bygraves there is another wanting Beatles songs and Mersey-sound, you would be expanding your audience."

To claim cause and effect would be absurd of course but the prompiness with which the world of pop music was then flooded with Sixties retreads was quite startling. Now, from *Yakety Yak* In the theatre to "Backtrack" on the news-stands, it is difficult to move for the teenage pop memorabilia of my generation and you yourself have commissioned perhaps the most amazing example with *Unforgettable*.

This Thursday night series actually brings back to the screen those familiar names to perform their familiar hits yet looking wholly unfamiliar what with paunches and bald heads and crow's feet. As Amanda remarks in *Private Lives* it is "Extraordinary how potent cheap music is" but in *Unforgettable* the potency of memory merges into a powerful poignancy introduced by the clear intimations of our own mortality: if Billy J. Kramer looks middl-aged perhaps I do too.

ITV started a new series on Saturday which, it seems, aims to fulfil the same nostalgic yen for an even yonnger generation: *Greatest Hits* kicked off with Suzi Quatro and The Glitter Band and their hits of 1974. So it appears that the cbnice within television'a variety series is slowly expanding.

In fairness I must add that *Mini Pops*, "The show that brings you today'a music with tomorrow's stars," another of the programmes you have commissioned, is also quite different from any series I have seen on television before. True, there is nothing new about child performers acting precociously: anyone who has seen Shirley Temple, Jodie Foster and her chorus line of pre-pubescent "ahowgirls" in *Bugsie Malone*, or even some of the acts on *Opportunity Knocks*, will be familiar with the phenomenon. As, indeed, will anybody with a daughter such as mine who, at the age of three, flirted incorrigibly.

Furthermore, anyone who has given a primary school age party in the past decade knows that, left to their own devices with music playing, many small children will go spontaneously into the bumps and grinds that they have seen their elder brothers and sisters performing, either live around the house or on screen.

For all these reasons I judge the outcry about "infant pornography" and the like which has greeted the series to be either the reaction of twisted adult minds or sheer humbug and probably both. If the children understand the significance of any symbolically "sexual" gestures in their dancing then they are already "corrupted" and if they don't then it does not matter.

There are mistakes in the programme: the "enhanced" laughter track (or canned cackle as we say) and the habit of turning the picture sideways and upside down are both irritating. But as to whether the children's minds are being damaged, all you have to do is look at them: do they appear anxious, neurotic, and furtive or do they look as though they are all having a ball? I can see they are having a whale of a time and since you booked the series I assume you can too. Congratulations.

That said would you please take a careful look at the tape of last Saturday's *Potti* for which I assume you are also responsible. Admittedly Patti Boulaye did not actually sashay down a glitering staircase at the atart of the show singing a Broadway standard to join a band of dancers of the opposite sex and go into a poorly co-ordinated routine, which is the way that *Tom Jones Now!* on BBC1 and *Grace Kennedy* on BBC2 both started last week and the way that far too many "variety" shows have started for the last 25 years. However, I have a nasty suspicion that the only reason she didn't was the lack of a staircase at the Riverside Club.

Anyway she came on singing, and then introduced a remarkably unappealing female comedian whose best joke was about telling a policeman she could not go for a blood test because she was a necrophiliac.

My second-to-last point is that this formula of the singing star introducing "variety" acts—that is comedians, impressionists and other singers—is looking desperately tired and dog-eared after the bashing that television has given it for so long. *Potti* actually has the beginninga of something fresh: last week La Boulaye tried skating with Robin Cousins (after a weird costume-switching intro) and Russian dancing with The Arganoffs. Why not get Independent Film Production Associates Ltd to go the whole hog on that concept and drop the old "hostess with the star line-up" idea altogether?

Because—penultimate point—it must surely be time to bring real variety back into Variety. Two programmes last week, *Eric And Ernie's Variety Days* on ITV and a repeat of *Turns* hosted by Jimmy Perry on BBC1, both showed fascinating clips of film from the heyday of the variety theatres and both proved how much more varied variety was in those days: from the close-formation comedy dance team of The Western Brothers to the most intriguingly un-revealing fan dance from The Windmill.

The claim has always been that in the days of the live variety circuit you could spin out an eight-minute routine for a lifetime whereas on television you use up an entire national audience in a single evening. I just don't believe it: the artists are more resourceful and more numerous than that

Finally: don't you agree that London Weekend's run of *Live From Her Majesty's* on Sunday nights has proved that whether there is anything for the viewer to gain from live drama, there is certainly a patpable advantage in live variety? It comes not simply from the much discussed adrenalin driving on the entertainers but from the triangular rapport between theatre audience, entertainers and viewers and it adds vastly to the enjoyment—especially with a compere as good as Jimmy Tarbuck.

That series ended last week, and the BBC now seems hopelessly stuck in the atar showcase rut so I do hope you'll do your best to see that commercial television sustains and extends its new habit of enlarging the scope of variety, live when possible. Whatever Channel 4'a obligations to minorities (and the word appears nowhere in the Act) it could do with a few popular programmes too.

Best wishes

Obituary Sir William Walton

Sir William Walton

Sir William Walton, the leading British composer between Vaughan Williams and Britten, who reached wide popularity at home and abroad, died yesterday at his home in Ischia, aged 80. Walton was born at Oldham, Lancs., in 1902. When he was ten he was sent to the Cathedral Choir School at Christ Church, Oxford, where his talent attracted attention and the Dean, Dr T. B. Strong, arranged for him to join the college as an undergraduate at an exceptionally early age. One of his fellow-students there was Sacheverell Sitwell: with his sister Edith and brother Osbert, he was to have considerable effect on Walton's development.

Conceivably, the Sitwells' sophisticated, Mediterranean-orientated taste saved Walton from becoming another Anglican church composer. At any rate it was abroad, at the 1923 International Society for Contemporary Music Festival at Salzburg, that Walton's name first came before a musically representative public. The work in question, a String Quartet subsequently withdrawn created no sensation. However, Walton had done just that at home in London a few weeks earlier with *Façade*. This "entertainment" on poems by Edith Sitwell, had been privately performed the previous year. When it was heard in public (at the Aeolian Hall) the performance, in the poet's words, "raised an uproar." The scandal was ephemeral, but the music has proved indestructible.

Of the Viola Concerto, heard at the Proms in 1929, Tovey wrote that he could "see no limits to what may be expected of the tone-poet who could create it." *Belshazzor's Feast* (Leeds Festival, 1931) went straight to the top of the English choral repertory and has stayed there. The climax of this brilliant period came in 1934 and 1935 with the two premieres at Queen's Hall of the First Symphony, the first without, the second with the finale, over which Walton had taken his time. This succession of works came at the right moment, when the senior generation was beginning to disappear (Elgar, Delius and Holst all died in 1934). Walton's music was richly exciting, and while his inherently traditional language seemed new at the time, it was not difficult compared to the style of the major European composers whose works were slowly filtering through to London. At this stage, Walton was undoubtedly the outstanding figure among the younger British composers.

The First Symphony, a big score into which Walton poured his heart, seems to have temporarily exhausted him. No new major work appeared before the Violin Concerto (1939, Cleveland, Heifetz). Here there is a lack of urgency compared with the preceding works: Walton's music suddenly grew middle-aged and his style set. After the war, younger critics, thirsting for new and preferably serial things, were not amiably disposed to the neo-romantic opera *Troilus and Cressida* (1954, Covent Garden), to the elegiac Cello Concerto (1957, Boston, Piatigorsky), or to the Second Symphony (1960, Edinburgh Festival) — less highly-charged, more subdued and more subtle than the First.

Walton's conservatism was a matter of choice. A friendly, dryly humorous, intelligent man, he was aware of and interested in contemporary developments but felt no compulsion to follow in their wake.

He wrote successfully for the cinema (including Olivier's Shakespeare films and *The First of the Few*), also for stage and radio. *Belshazzor* was followed by a number of choral works.

In 1948 he married Susan Gil. They settled on the island of Ischia, but Walton was often to be seen in London, notably at the celebrations for his 80th birthday in 1982. He was knighted in 1951, and received the Gold Medal of the Royal Philharmonic Society in 1947.

RONALD CRICHTON

Henry Herford/Bishopsgate Hall

David Murray

The lunchtime concerts of the City Music Society are as hospitable to promising new artists as to established ones and yesterday we had the young baritone Henry Herford in a French programme with Julius Drake at the piano. There was no doubt about Herford's promise even before he won the Benson and Hedges Gold Medal and the International American Music Competition. The voice is strong, warm and full of personality and his French delivery is notably easy and convincing. In a general sort of way, that is; Herford will fulfil his promise when he becomes more particular.

This time he sang five favourite Poulenc songs and his fine Eluard cycle *Tel jour telle nuit*, and in the middle Ravel's *Histoires naturelles*. He also offered Listen with Mother introductions to most of the songs (courage failed him, luckily, with the Eluard cycle), which at least established a relaxed atmosphere for the recital. He was cheerful and engaging with "Hôtel" and "Voyage à Paris" and "La grenouillière—and just the same in "Le disparu" (about a comrade carried off by the Nazis), in which the sense of baffled loss was missed. With his first Royal Opera appearance in the offing perhaps he isn't interested in cultivating half-voice; but he needs to. The needlepoint ironies of Ravel's *Histoires* were orotund and under-pointed and the bated-breath hush of "Le grillon" and "Le martin-pêcheur" wasn't felt at all.

Mr Drake might have helped much more: by not turning the majestic *démarche* of "Le paon" into flaccid triplets, for example, and by allowing a more wickedly romantic pull in "Le cygne." But Herford made little of the fowlyard chit-chat in "La pintade:" and in *Tel jour telle nuit* there was the strongest suspicion that the sense of Eluard's difficult poems was being scamped, and the music therefore not fully read. There were excellent moments and very dim ones. Drake made the wonderful "Bonne journée" menacingly heavy, and both performers sounded bumpy and ruffled in the rapt final "Nous avons fait la nuit." Yet the general tone was all right, friendly and well-schooled. We needn't doubt that Herford can do considerably more, if he isn't kept too busy too soon.

Pirates of Penzance/Drury Lane

Antony Thorncroft

The Joseph Papp production of *The Pirates* at the Theatre Royal has been refreshed by an inflow of new actors in many of the leading roles. Or should it be doused? The attraction of the show was the ebullience, sometimes approaching frenzy, introduced into this Victorian operetta by a group of Americans fortunately ignorant of the decorous and dull productions that British audiences endured for so long.

But after nine months some of the zest has gone and the new additions have not quite the curiosity value of the originals. Peter Noone looks well as Frederic, with his mass of gold curls, and the burden of an arm in a sling following a fall does not impede his performance. He sings boldly, too. But he does not shimmer with a sense of duty. In the same way Oliver Tobias as The Pirate King has as yet to perfect a character.

Tobias relies mainly on his strong physical presence to overcome a doubtful voice, and slides between camp and cockney which makes his salvation as a peer of the realm seem unlikely. Ronald Fraser as Major General Stanley is such a fine comic actor that in time he will surely add his own gloss to the role. Karen Lancaster, who has been upped from the ranks to top daughter Mabel has a surer voice and personality than Pamela Stephenson whom she replaced. She also helps the feeling of ensemble playing.

For this is still an enjoyable evening. At the start the sound of Gilbert and Sullivan squeaking through amplified mikes is distressing but a great deal of exuberance remains, particularly among the girls, with Sarah Brightman an undoubted catch, and the Cornwall constabulary, modelled on the Keystone Kops. For entertaining foreign visitors and family treats this is one of the safest bets in the West End.

Chichester Festival

The Chichester Theatre has launched a nationwide search for an unknown actress to star opposite Omar Sharif in its festival production of *The Sleeping Prince*, by Terence Rattigan.

Announcing the festival programme in London yesterday, artistic director Patrick Garland said they were seeking a young actress "conceivably from the chorus line" to play opposite Sharif.

The Egyptian actor will take the part of the Prince Regent, played in the film version, *The Prince and the Showgirl*, by Laurence Olivier, opposite Marilyn Monroe. Although best known as a screen actor, Sharif was a stage actor in Egypt for eight years and was artistic director of his own theatre company.

Other productions in the theatre's festival, which runs from May 11 to October 1, include John Osborne's *A Patriot for Me*, which will star Alan Bates, and *Time and the Conways*, one of J. B. Priestley's "time" plays. Googie Withers, Julia Foster and Alexandra Bastedo are among the cast.

Patricia Hodge plays Rosalind in *As You Like It*, the festival's first Shakespeare play for three years.

Music Month on Radio London

BBC's Radio London is setting a new trend for local radio with its festival *Music Month*, until April 1.

There will be a symphony or chamber concert every night (except weekends), with programmes including seven first broadcast performances. From March 21-25, there will be broadcasts of four of Benjamin Britten's operas and of Purcell's *Dido and Aeneas*.

There is an emphasis on youth: ten concerts will be given by the Young Musicians Symphony Orchestra, who among other things will give Malcolm Arnold's Symphony No. 8 and Rakhmaninov's symphonic poem, *Prince Rostislav*.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

March 4–10

Theatre

NEW YORK

A View from the Bridge (Ambassador): Broadway and Arthur Miller finally have a hit for the new year – Arvin Brown's musty but true revival of the melodrama of forbidden love in New York dockland. Tony LoBianco may reach the full pitch of contrived despair too soon, but audiences love the schmaltz, even in an Italian accent. (239 6200)

The Misanthrope (Circle in the Square): A witty translation by Richard Wilbur challenges an excellent cast to handle rhyme as dialogue which they ably do, led by Brian Bedford, supported by Stephen D. Newman, director Stephen Porter and especially costumer Ann Roth. (581 1346)

The Entertainer (Roundabout 23rd & 8th Av) William Gaskill's evocation production of the John Osborne chestnut stars an appealingly shuffling and quizzical Nicol Williamson while bringing the era of the Suez crisis to an American audience with Michael Sharp's headline dominated set. An excellent supporting cast of Humphrey Davis as father Billy Rice and Frances Cuka as Archie's long-suffering wife Phoebe. (242 7800).

Amadeus (Broadhurst): David Dukes stars as Salieri in the award-bedecked and elegant National Theatre production of Mozart's life. (247 0472)

Agnes of God (Music Box): The fiery trio of Elizabeth Ashley, Geraldine Page and Amanda Plummer enliven a somewhat over-written clash of ideologies. (246 4636)

Joseph and the Amazing Technicolor Dreamcoat (Royale): The first work by Andrew Lloyd-Webber and Tim Rice in a lively and imaginative rendition directed by Tony Tanner. (245 5760)

Geniuses (Fairbanks): Author Jonathan Reynolds takes advantage of a stint watching Francis Ford Coppola shooting Apocalypse Now to parody the American film industry in this riotous re-creation of a jungle film set awaiting the end of a seasonal typhoon. (432 W. 42nd). (279 4200)

Plenty (Plymouth): Moving on to Broadway from its Public Theatre opening, Kate Nelligan stars again in the New York production of the play written and directed by David Hare about Europe's transition from war to peace over the last generation. (239 6200)

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish recreation of the London hit. (239 6262)

WASHINGTON

Screenplay (Arena): A circus setting is used by director Zelda Fichandler to present Istvan Orkeny's last play, which creates its own show trials for a fictitious Hungarian politican recalled from his ambassadorship in Paris to witness the testimony prepared against him. (254 9895)

Show Boat (Opera House, Kennedy Center): A cast of 50 from the Houston Opera company led by Donald O'Connor revives the Kern-Hammerstein musical of 1927 with its brilliant score including songs Ol' Man River, Bill and Make Believe. (254 3770)

The Imaginary Invalid (Arena Stage): Guthrie Theatre's associate artistic director Garland Wright presents Argan and company with Marc Antoine Charpentier's original music for Moliere's masterpiece about quackery and hypochondria in the ancien régime. (488 3300)

Mark Twain Tonight (Opera House, Kennedy Center): Since 1954, Hal Holbrook has played the venerable American humourist between other roles and now brings his Tony-winning one-man show to Washington where he last performed to sold out audiences in 1981. (254 3770)

CHICAGO

The Comedy of Errors (Goodman): With Adriana played by world champion baton twirler Sophie Schwab and Luciana by Gina Leishman who has mastered seven musical instruments, this Shakespeare could be nothing but a circus, especially surrounded by the Flying Karamazov Brothers and street musicians and jugglers from across America in Robert Woodruff's lively production. (443 3800)

Duet for One (North Light Rep, 2300 Green Bay, Evanston): Tom Kempinski's slightly veiled story of the painful and frustrating accommodation of a concert artist to growing debility stars Eva Marie Saint. (869 7278)

E. R. (Organic, 3319 N. Clark): This hit-and-miss local company has a long-running success with an earnest parody of hospital-based melodramas, starring Gary Houston as an ambitious young doctor, Shuko Akune as the receptionist and Lily Monkus as the authoritarian ourse. (327 5588)

VIENNA

Vienna's English Theatre (421 260): Arsenic And Old Lace (Daily except Sun)

Theater an der Wien (579 632): Anatevka (Daily except Mon)

HOLLAND

Mickery Theatre, Amsterdam: Slow Fate by Mike Figgis, an unorthodox play featuring music and projectioo as well as actors.

LONDON

A Map of the World (Lyttelton): Brilliant new play by David Hare, set in a luxury Bombay hotel where a Unesco conference on world poverty has beeo convened. Chill, meticulous productioo by the author bas strong performances from Roshan Seth (Nehru in the film Gandhi) as an Indian novelist, Bill Nighy as a journalist and Diana Quick as the actress in the middle of an ideological showdown. (928 2252).

Noises Off (Savoy): The funniest play for years in London, oow with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans oo tour with a third-rate farce is a key factor. (836 8888).

Yakety Yak (Astoria): Enjoyable pot-pourri of songs by Lieber and Stoller, evocative of the 1950s and '60s, and exuberantly performed by a Liverpudlian quartet of brothers and The Darts. (437 6565).

The Real Thing (Strand): Fascinating, enjoyable new Tom Stoppard play which examines a playwright's attitudes to work, music and love in characteristically well-written, complex vein. A tone of serious levity is well struck in Peter Wood's productioo and the performances of Roger Rees and Felicity Kendal. (836 2660/4143).

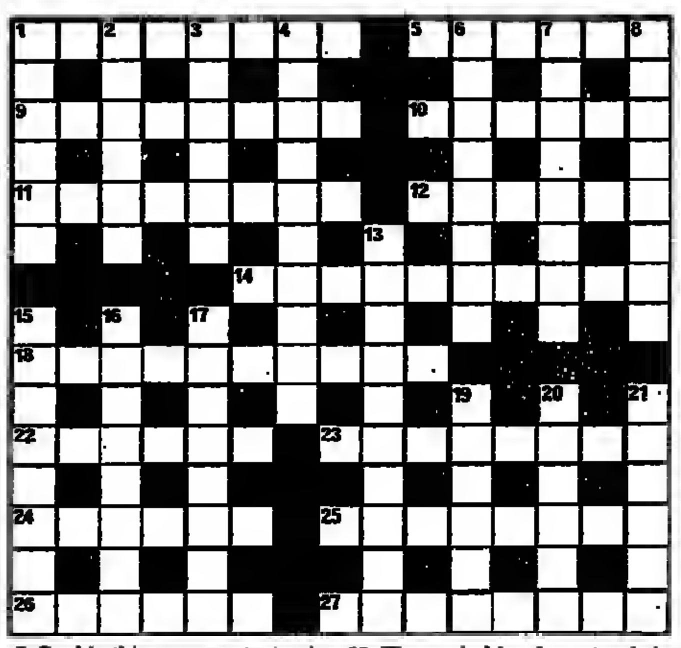
Other Places (Cottesloe): Triple bill of Harold Pinter plays superbly directed by Peter Hall. Pinter breaks new ground in A Kind of Alaska, Judi Dench outstanding as a woman coming out of coma after 29 years and accelerating from small girl to adult maturity in half an hour. (928 2252).

Trafford Tanzi (Mermaid): Exuberant play that sets the battle of the sexes in a wrestling ring. This fringe success has re-opened the embattled City of Londoo venue. (236 5568)

The Pirates of Penzance (Drury Lane): Riotously vulgar Broadway import that sits Gilbert and Sullivan on a whoopee cushion. One or two brilliant set pieces, but is all this strenuously arthritic camping about really preferable to the prim stasis of the D'Oyly Carte tradition? (836 8108)

Guys and Dolls (Olivier). A first-class revival of this witty musical happily laid out on the open stage, with a good selectioo of the acting talents of the National Theatre and some unlooked-for singing talents as well. (928 2252)

F.T. CROSSWORD PUZZLE No. 5,117



ACROSS

1 The real Duke of Milan has to succeed with nothing (6)
5 Surgeon's paper knife? (6)
9 Hood's tip for pile I rip into shreds (8)
10 Plot to strike creating a state of uproar (6)
11 Understood vessel could be reserved (8)
12 Motoring organisation admits 100 mph learner without a key (6)
14 What a policeman wears in this Central African region? (6, 4)
18 Release bird and imperfectly developed cow (10)
22 Exhilarate rare beetle (6)
23 Slice of meat to cut quickly (4, 4)
24 Set in the surface at home, face back (6)
25 Dismiss unruly child taking wingless insect (8)
26 Encircle the French supporter (6)
27 Set anger apart, but alienate (8)

DOWN

1 Accomplice dined on relish (6)
2 Flower of gold grain (6)
3 Young dog took food to develop into insect stage (6)
4 Pierrot e'er confused by his stock of material? (10)
6 Opening set by photographer (8)
7 Could this cause strain in the kitchen? (8)
8 Pattern for a load-spreading beam (8)
13 Make a fine although needless distinction, but such a beady condition is undesirable (5, 5)
15 Sacrifice from iron circle (8)
16 Shopkeeper who relates gossip (8)
17 Arrogant, but conforming to standards of weight (6)
19 Develop additional premium on fruit (6)
20 Ferryman in the process of following fish (6)
21 Flower bolder from track in the southeast (6)

Solution to Puzzle No. 5,116

FINANCIAL TIMES

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A false move in Zimbabwe

THERE is a sad feeling of inevitability about the events of recent weeks in Zimbabwe. A rising tide of banditry and violence in the province of Matabeleland has been followed by the heavy-handed and often brutal response of soldiers, leaving the civilian population terrorised in the crossfire. The persistent activity of dissidents professing loyalty to Mr Joshua Nkomo appears to be leading inexorably to the violent suppression of his political party, Zapu.

The confrontation in Matabeleland is aggravated by the bane of post-colonial Africa—tribalism. For the political loyalties of the population are dictated very largely by their tribe or language; the minority Ndebele (20 per cent of the population) support Zapu, while the large Shona majority support Mr Robert Mugabe's ruling Zanu party. As a result, the recent clashes have contained a disturbing element of ethnicity, with the army's Fifth Brigade, almost entirely made up of Shona soldiers, accused of a string of atrocities inflicted on the Ndebele population in Bulawayo and the surrounding area.

There was great hope that Zimbabwe would provide an example of racial harmony and economic development—against all the odds—which might have been followed by neighbouring states, above all by South Africa. When he won an absolute majority in the independence elections of 1980, Mr Mugabe showed an admirable degree of magnanimity and pragmatism towards his former enemies and rivals. He invited Mr Nkomo to join his government, and he went out of his way to pursue economic policies which would not alienate the white population, whose presence remained critical to the country's economy.

Alienated

His detractors, most of whom had supported Mr Ian Smith and had no sympathy for the handover to majority rule, maintained that Zimbabwe would rapidly disintegrate in civil war between the two major tribes — indeed some of them undoubtedly plotted towards that end. It is all the sadder, therefore, that the events in Matabeleland seem to be playing into their hands. In neighbouring South Africa, the diehard exponents of everlasting white rule will simply be confirmed in their prejudice.

Although comprehensive evidence of the scale of recent violence is impossible to come by—it has emerged from the random reports of fleeing civilians, from churchmen and international aid workers (whose drought relief operations have been severely disrupted)—there can be little doubt that the civilian population of Matabeleland has been overwhelmingly alienated by the activities of the Fifth Brigade. The four remaining Zapu Ministers in Mr Mugabe's Cabinet are under severe pressure to resign, thereby ending the last hope of genuine cross-party rule.

In opting for a military solution, and using the North Korean-trained Fifth Brigade Mr Mugabe seems to have given in to the hardliners in his own party, who have always suspected Mr Nkomo of plotting a coup (an unrealistic aspiration if it were true, given his minority base). Even then the Prime Minister should have used the integrated battalions of the national army to do the job: they are known to be better disciplined.

Pressure

Indeed, the success of the integration exercise, putting together the former guerrillas supporting M Mugabe and Mr Nkomo, and the black and white troops of Mr Smith's army, with the assistance of a British military training team, remains an example of what can be achieved.

Mr Mugabe must be aware that he is not ruling Zimbabwe in a vacuum: there will be further pressure in Britain, as in the U.S., for aid to be cut back if he cannot reach a political compromise with the Ndebele. Repression is no alternative.

He has shown that he is capable of taking brave and politically difficult decisions on the economic front: the recent 20 per cent devaluation, the reduction of food price subsidies and the freezing of wages as part of an IMF-approved austerity package prove the point. Now he must be equally forthright in tackling the political crisis: he must restrain the hot-heads in his party who are calling for the "liquidation" of Zapu, and seek co-existence rather than confrontation. Otherwise the prophets of doom will be proved right.

Positive trends at the workplace

IT IS now so much an accepted part of business life that managements have all the best hands in the game of industrial relations that it is scarcely a matter of comment. What should be a matter of comment, however, is how they are to play these cards.

In this context, a recent report commissioned by the Department of Employment from two Warwick University academics — Professor William Brown, head of industrial relations research unit, and Mr Keith Sissons, a senior lecturer in industrial relations — and published in the current issue of the Industrial Relations Journal reaches some encouraging conclusions. It maps the "trends and possibilities" over the next decade and sets some challenges for management and labour.

In the private sector, the authors see a continued decentralisation of bargaining away from national and multi-company agreements to the already-dominant pattern of plant bargaining. This is a 20-year-old trend. But the present recession and resulting union weakness add the extra element that management need be less concerned over stewards' forcing the issue of comparability between separate establishments. In future, management will be able to take greater advantage of local market and bargaining differences.

Persuasive

Most managements, the report says, are "pragmatists" or "*opportunists*" in industrial relations. The obvious gains from this style over the past three years may not, the authors say, outlast the recession; and they argue for greater employee involvement which, they claim, is now being seen as desirable by even "the most aggressive managements."

In the 7m strong public sector, the tighter monitoring and control of pay and industrial relations initiatives is likely to continue, as is increasing Government intervention. The authors are advocates of a comprehensive approach, which contains a large element of comparability; they say, persuasively, that the discovery of a self-regulating pay mechanism could effectively remove up to 5m workers from the "annual agony of pay settlement," thus easing Government's task "both as their ultimate employer and as a manager of the economy."

The report does not expect the unions to shrink dramatically; and while the low level of industrial action may increase as the "fear factor" abates, the report sees a long-term trend downward in the incidence of strikes as the strike-prone manufacturing industries decline.

One of these, coal mining, has vividly exemplified the point over the past three to four years by both declining numerically and refusing to take strike action in protest against the fact. Early indications of yesterday's ballot are a confirmation of that trend. It is a relatively safe bet that the National Coal Board will now shut pits at a rather faster rate than it has over the past decade.

Innovation

On this analysis, it is encouragingly easy to harmonise prescriptions with trends. In the private sector, managements should build upon existing moves towards involvement of the employees at plant level in the company's decisions, laying increasing emphasis on such innovations as quality circles and employee communications.

Unions can and should be made allies in this process. But management should not try to use such mechanisms as "union busters," as they have in the U.S. That would be to *mistake a present trend for a* cultural revolution which has not occurred.

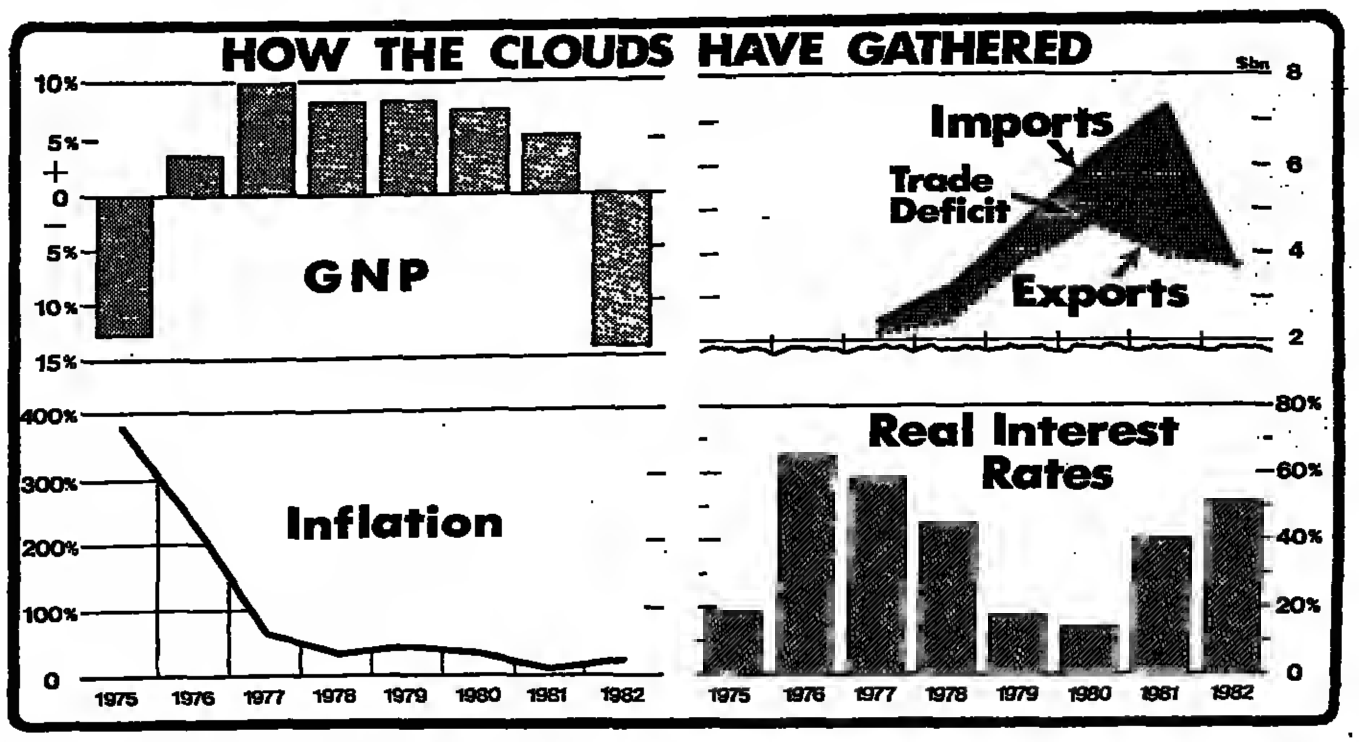
In the public sector, an end to the annual agony is much to be wished. They say that future attempts to construct a coherent approach to public service pay will need to (a) treat the public services as one, to avoid "destructive internal comparisons;" (b) develop refined "factor comparison" techniques to avoid external comparators and (c) build into the pay equation some consideration of the "ethical values" of the service concerned.

None of this is incompatible with last year's Megaw Report. It should commend itself to a Government wishing to find a bargaining framework for the public sector.

CHILE'S ECONOMIC EXPERIMENT

The model that didn't travel

By Anatole Kaletsky, recently in Santiago



"All the credits went on toys and French cheeses. We thought an economic miracle was happening because we could afford French cheeses" — a Chilean housewife.

"Mexico and Venezuela had oil, Argentina had wheat—Chile had confidence and the bankers liked that particular product at the time" — a diplomat in Santiago.

"I make a big distinction between the system and the model. The free market system is the right one, but not when it becomes a 'model,' which is applied in a naive, unrealistic, extremist and blind way"—a former Minister in the Pinochet Government.

"This 'experiment' will become a case study throughout the world on how the dogmatic free-market model, working under perfect laboratory conditions such as could only be created by a government with powers hard to imagine in the modern world, completely failed" — an economist and former Minister in the socialist Allende Government, now living in exile.

THE only growth industry in Chile today is the search for scapegoats and before long even President Augusto Pinochet, until recently regarded as one of the world's most entrenched dictators, may be gone. But whether President Pinochet himself is made to bear the blame for his country's recent economic debacle, nearly everybody in Chile now seems to agree that his "experiment" with free-market economics which was at one time seen as a "miracle" has turned into a nightmare.

A few years ago, the Chilean economy, as managed by a handful of President Pinochet's advisers (known universally as the "Chicago boys" because they were all educated at the alma mater of strict monetarism, the University of Chicago), was held up as an example to all other developing countries.

Here was an economy which had reduced inflation from 1,000 per cent to 10 per cent in the eight years after the military seized power in 1973, yet was enjoying a growth of 8 or 9 per cent a year in gross national product.

It had transferred itself from one of the most protected economies in the world, with average tariffs of 105 per cent in 1973, into one of the most open, with all tariffs slashed to 10 per cent by 1979. Yet its balance of payments was strong and its reserves were growing.

This all took place in the purest possible atmosphere of laissez Faire"—the doctrine that the Government should play the smallest possible role in the economy.

Whatever they may have thought of the Pinochet regime's highly illiberal treatment of its political opponents, the detractors of "laissez Faire" within the economic profession could not fault the Chilean experiment of economic performance.

For example, Paul Samuelson, America's leading Keynesian economist, in the latest edition of his celebrated economics textbook is reduced to attacking Chile as the world's clearest example of "market fascism," a country in which "generals have turned over all economic control to religious zealots—but zealots whose religion is the laissez faire market."

Today, Professor Samuelson would find it easier to attack the Chilean experiment on his own territory of economics. Not even the Government attempts to deny that it is in the midst of economic disaster. The country's gross domestic product fell by 14.1 per cent in 1982 (perhaps a record for any major country since the 1930s). Its $17bn foreign debt is more than double Brazil's, and 30 per cent higher than Mexico's, in relation to its population. Its official unemployment rate is around 20 per cent and an additional 15 per cent of its labour force is kept in artificial jobs at minimal wages, on Government make-work programmes. Even inflation is creeping back above the 20 per cent mark.

Trade deficit soared while exports remained constant

Chile's economic collapse began in the second half of 1981 as foreign bankers, who had been falling over themselves to lend the country money, suddenly noticed a huge deterioration in its balance of payments. As the foreign capital which had been surging into the country at an almost exponential rate, rising from $572m in 1977, to $2.2bn in 1979 and $4.8bn in 1981, began to dry up, some hard truths about the Chilean economy were gradually exposed.

It trade deficit had soared from $355m in 1979 to $2.6bn in 1981, due almost entirely to a virtual explosion in consumer goods imports, while exports remained constant. Its currency, which had been pegged to the dollar since June 1979, was grossly overvalued, and its products became increasingly uncompetitive in world markets.

Worst of all, the devaluation which inevitably followed the foreign bankers' disillusionment with Chile, revealed an almost unregulated domestic financial system. In January the Government was forced to liquidate three major banks and take five others, including the two largest, under supervision.

The problems were aggravated by the Government's monetary policy. This laid down that the domestic money supply would be increased or reduced in line with the inflows—or outflows—of foreign currency reserves in the central bank. So when foreign currency started flowing out of the country, the central bank reduced the money supply and raised interest rates in the hope of slowing down the outflow. This inevitably deepend the country's industrial recession.

The "Chicago boys" recommended the fixing of the exchange rate to act as a pre-announced monetary target. In the case of small countries this school of "international monetarists" recommends that the exchange rate itself be treated as the key monetary target. This minimises the need for government macro-economic fine tuning and, above all, looks like a most effective policy against inflation.

Does Chile's economic collapse prove once and for all that the free market model of economic development is doomed to failure? Was Chile's failure the consequence of a few contingent mistakes which could have been avoided through better execution of the same free-market model? Or is it somehow inappropriate in Latin America, even though it works in countries like Korea and Singapore, with which the "Chicago boys" used to compare their country in its economic heyday?

Most of the model's erstwhile supporters obviously believe that the failure was due to a series of mistakes or accidents. The accident was the downturn in the world economy (a point which they cannot push too strongly because the free-market model is, after all, supposed to make it easier for an economy to adjust smoothly to changes in external conditions.)

There were three basic errors: the maintenance of a fixed exchange rate for three years from June 1979 onwards, the indexation of wages during the same period and the almost total failure to regulate the financial system. Indexed wages and the fixed exchange rate produced an exchange rate which became overvalued when Chilean inflation failed to fall rapidly enough to the international level. The unregulated banking system is now prolonging the economic chaos as its dubious accounting practices and questionable loans enmesh the whole of the industrial and financial sectors.

The point that is easily overlooked is that the "errors" of execution were closely related to the model's "successes." The overvalued exchange rate and the insouciance about the banking system and the foreign inflows caused the four-year boom in consumer spending and services which created the record growth rates of the "economic miracle."

The deeper pitfalls of the "model" emerge when Chileans are asked to give a personal explanation of their economy's collapse. Almost invariably they put the blame on one person — Sergio De Castro, the leader of the "Chicago boys" and the country's Finance Minister from 1977 until last April.

With even more surprising regularity they use a single Spanish word to explain Sr De Castro's failure. The word is "soberbia" and it means something between "arrogance" and "overweening pride." This consisted of trying to force the world to fit the model instead of the other way round.

So committed was he to the free market model that he became impervious to argument. The exchange rate could not be considered "overvalued" as long as foreign capital was flowing *freely* into the country, he insisted. He did not initially think that indexation would be a serious problem because he was convinced that Chilean inflation would drop rapidly to the international level as a result of the fixed exchange rate.

'Banking system was going on la dolce vita'

The real measure of Sr De Castro's audacity came when, after three years of a fixed exchange rate, real wages were still growing rapidly as a result of the indexation system. The only way to save the model, he told President Pinochet at this point was to announce a 30 per cent reduction in nominal wages for all employees in both the private and public sector, in*cluding the army. President* Pinochet asked him to resign and this marked the real conclusion of the experiment with the "Chilean model."

The extreme laissez faire approach was perhaps most unrealistic with respect to bank regulation. One senior economic minister who is still in the Government explains the "Chicago boys" attitude like this: "There were foreign banks lending extremely high amounts to our banking system. We really thought these lenders, who were very conscious of what they were doing and had great market experience, would monitor our institutions themselves. They should not just expect the banks here to be monitored by *the Government authorities.*"

Another former minister puts it more colourfully and bluntly: "From 1977 onwards the whole banking system was going on la dolce vita. De Castro and the Chicago boys had the idea that they would make the market a policeman to bring order to this dolce vita. Today we see the result." For example there were insufficient controls to prevent banks lending excessively to their own subsidiaries and borrowing reserves from them.

The "*hollowness*" of the boom emerges most clearly from Chile's most revealing economic statistics. *The figures* for gross fixed investment, which averaged only 15.2 per cent of GNP between 1977 and 1980. Despite all the foreign borrowing, this was one of the lowest investment rates in the developing world and compared with an average of 22.5 per cent for Latin America as a whole.

It is on the macro economic side that the Chilean model has clearly failed. On the micro side, however, there have been considerable improvements in industrial structure and efficiency, particularly from 1975-1979.

On the other hand, as a former Minister in the Allende Government points out: "When you see a system undergoing all this transformation and there is no investment, something must be very wrong."

Perhaps what is "very wrong" in Chile is that the macro economic mismanagement in the end created conditions of instability and high interest rates that were not conducive to investment. Or it may be, as another leading development economist at the World Bank argues, that the "Chicago boys'" comparisons between Chile and South Korea, for example, were totally misguided because Korea is not a "free market economy," but a "private enterprise economy," where the Government plays an active role in promoting investment, although it always does this "by recognising market incentives."

Alternatively Chile's trouble could be, as the doyen of the Chicago economists, Professor Milton Friedman, has argued, that political repression dampens private enterprise—as he put it in his famous diction that a truly free economy will only *fail in* an *unfree society*. It is certainly true that in a democracy, no model could possibly have been applied to such a single-minded manner.

Men & Matters

Trouble brewing

There were long faces all round last night at a Western embassy in Kuwait as the bar was closed firmly in the faces of 50-odd expatriate businessmen.

The embassy (I have been pledged not to reveal which one) had for a number of years held monthly meetings for their local resident businessmen to mull over news and gossip of business in Kuwait. It was also an occasion when large amounts of ale were consumed, for until this month, embassy compounds and diplomatic staff were exempt from the ban on sales and consumption of alcohol.

Then a dozen or so Islamic *Fundamentalists decided* to bring the matter up in Kuwait's National Assembly. They charged western diplomats with attempting to influence and make friends with leading Kuwaitis by luring them in with large doses of Scotch—the Arabs' favourite drink.

The Government, mindful of the delicate political overtones, attempted to make the vote secret so as to avoid embarrassment for members who wanted to vote against extending the ban to diplomats. In the end, the vote was public and the result inevitable. There were 29 in favour, zero against, with large numbers of deputies absent.

Local expatriates say the result is going to be an immediate hike in the price of black-market booze—already £80 a bottle. As the country's foreign minister predicted, bootlegging is already in full swing, as gallons of wine and Boots' beer are brewed in plastic dustbins.

The Bill was passed some two weeks ago in the Assembly, but Kuwait's ruling Emir has not yet signed it. He is presently attending the non-aligned summit in Delhi and will get round to doing so when he returns.

But though the embassy has tactfully closed its bars, others are racing against time to get the last orders in. The Foreign Ministry has been deluged with applications for import certificates. Most of the shipments have been coming in by air because of the urgency of the matter and Cyprus liquor salesmen have been making a killing. Such is the deluge of orders that one western diplomat remarked *this week* "It's been like the Berlin airlift out at the airport."

Back at the businessmen's monthly meeting in the embassy compound, the host diplomats are debating whether the sessions should continue. "We'll know who our friends are now and who were just here for the beer," said the commercial attache as he sipped his pineapple juice.

Wrong sentence

Even politicians don't always choose the right words. Ontario's industry minister Gord Walker recalled yesterday his first speech to the inmates of one of *the province's prisons.*

He had given a lot of thought to how he should open. He couldn't very well say "Welcome" or even "I'm so glad you've come."

Came the moment to stand up and, to his horror, he heard himself saying: "I'm so glad you are all here today. . . ."

Countrymen

Since the bitter row last year over leasing land for a nuclear bunker in Buckinghamshire, the National Trust has been looking for ways of improving the discussion of such policy issues among its 1.1m members.

It seems to have found an opportunity now in a co-operative deal that should at the same time increase its income—and help launch a new countryside magazine, Out of Town.

The magazine is the brainchild of David Boddy, former press and public relations director for the Conservative Party, and publisher Christopher Shepheard-Walwyn.

"On the other hand, if you volunteer to row, I'm sure Cambridge would be only too happy to accept"

They have raised private backing of £300,000 for the venture. Their first issue, aimed primarily at in-town people with a nostalgic affection for country life, is planned in May.

With the National Trust's co-operation, the publishers will seek to establish the magazine's initial circulation among NT members. Conservative estimates are that sales of 175-250,000 should result.

In return, the Trust will be given £1 for every subscription taken out by a member, and another £1 for each renewal.

Almost as important from the Trust's recent experiences is the chance it will get to address a large part of its membership through the magazine. It will be provided with two pages in each issue to use as it wishes, though editorial control of the rest of the 85p magazine will remain independent.

The Trust is one of Britain's largest landowners, running 200 properties, 105 gardens and 17 pubs, as well as guardian of 400 miles of coastline. It has plenty of topics it would like to air.

Even now, the Army is pressing to be allowed on to some of its land for training exercises.

Stoneware

A Dutch stonemason has bought one of his robots, Mike Skidmore told a *Royal Society* of Arts lecture audience in London.

Skidmore, European marketing manager for Cincinnati Milacron, said the Dutchman's second son—an engineer—had persuaded the stonemason that this was the way to beef up productivity. The robot roughs out the shape of the headstones, leaving the craftsman and his first son free to practise their craft of engraving.

In the first of three RSA Cantor lectures this year devoted to robotics, Skidmore forecast that although the car factories would continue to place the big orders—General Motors is planning for 12,000 by 1992—we would be hearing a lot more about robots appearing in unexpected corners.

Skidmore is evidently an almost boundless enthusiast for robots, not as people-displacers but for tackling the necessary chores that people increasingly tend to shun. But even he evinced some doubts about one application that Joseph Engelberger—guru of robotics, as he *called* him—is working on. Engelberger is trying to teach a robot brain surgery.

Cash flow

Heard in a Putney pub: "When John and I were first married, money talked — now it simply goes without saying."

Observer

BRITAIN'S CINEMA INDUSTRY

The word revival is relative

By Arthur Sandles

ON ANY ONE night, there are 12 times as many people sitting in their own homes watching video-tapes in Britain as there are at the cinema.

To say that 1982 was a bad year for the cinema trade (as opposed to the film industry, but more of that later) would be an understatement bordering on the ludicrous. It now looks as if UK cinemas saw their patronage fall from around 83m to 65m or less. "It was," says Thorn EMI bluntly, "disastrous." In the words of Mr Kenneth Rive, who heads Gala Film Distributors: "It was a year that I would like to forget."

As 1982 disappeared over its forgettable horizon, however, things began to brighten. The film ET took money in December and January at the remarkable rate of £1m a week at the box office. The cinema nwners looked at a list of forthcoming productions which includes two rival James Bond pictures, another in the Star Wars series and another Superman film and came to the conclusion that 1982 may bave been just an aberration.

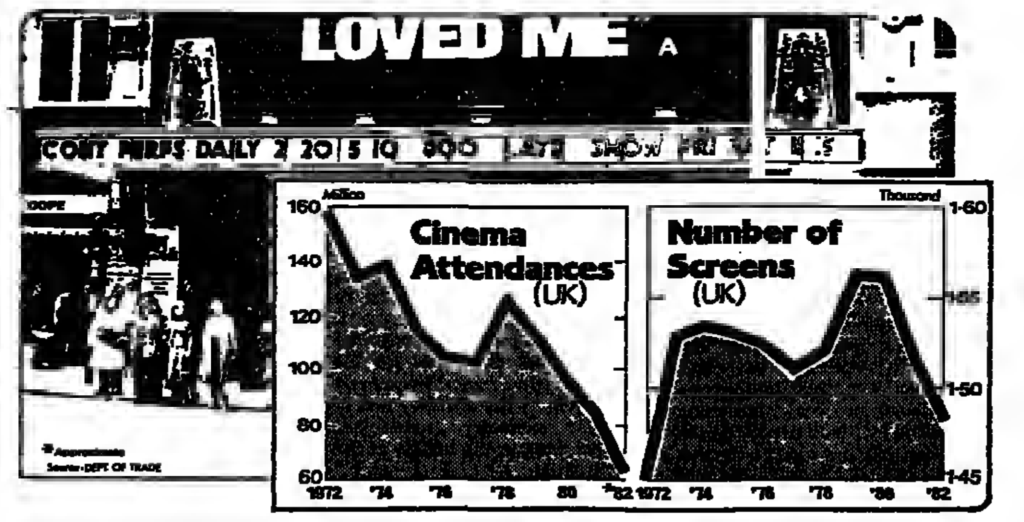
Perhaps the most optimistic voice has been that of Mr Percy Livingstone, president of Britain's Society of Film Distributors. He talks in terms of 1983 being "a record breaking year" and reckons that "the UK cinemas will benefit from the biggest array of major box office hits in years."

Livingstone's companions in the industry see some signs of revival but are not quite so wildly enthusiastic. "The word revival is relative," says the Rank Organisation. "It is difficult to see things going back to 1980 levels." Gala's Rive, too, sees encouraging signs but says: "Sadly I cannot aee admissions improving sufficiently to save many a cinema."

There are probably just under 1,500 public cinema screens in Britain at the moment. The official total at the end of 1981 was 1528 and since then, the trend has continued downwards.

Both the UK's major chains have slightly reduced their stock, Thorn-EMI is down to 300 and Rank, with 96 sites, has 226 screens. While the number of screens has been falling slowly tha decline in the total of actual seats has been much more dramatic.

There was a loss of more than 200,000 cinema seats in the UK between 1976 and 1981 and the trend continues.



The average cinema seat in the UK costs a little over £2 at tha moment, thus it is already cheaper for a couple to rent a video tape for the evening than to go to the cinema.

What bothers many of those in the British cinema business is that although there were many factors on which you could blame the appalling performance of the cinema in 1982 most of these factors were shared by other countries which in contrast, however, had very good years.

The Americans and some European countries saw appreciable rises in numbers nf people going to the cinema but, with the same films on offer, the British chose to stay at home.

High on the list of culprits for this, according to the film men, were the Falklands War, the Royal baby and the World Cup.

It is difficult to see what tempted cinemagoers elsewhere. The British top 20 films last year (a list compiled by Screen International) suggested that the international crop of films was, with one or two exceptions like Chariots of Fire, pretty mediocre.

Quite apart from the fact that compared with these the portfolio of films in the pipeline looks dazzling, tbe cinema business has been doing some soul-searching about its own approach to the market whicb may produce results in terms of bigger audiences. In recent weeks, for example, the cinema trade has switched from its old-*established* policy of changing films on Sundays to the more sensible normal international practice of a Thursday change.

Other changes may flow in the wake of the Monopolies Commission report on the cinema business. The Commission sbould complete its work some time next month and its report should be available in May or early June. Few in the business seem to feel that the Commission will bave any major changes to suggest—indeed there is a sense of deja vu about any inquiry into a businesa which is constantly investigated by assorted governments with little apparent result.

There is perhaps more interest in the actions of Mr Iain Sproat, the Films Minister. It is widely assumed that Mr Sproat intends changing the present Eady levy system under wblch all cinema seats carry a special tax, the proceeds from which are passed on to British filmmakers.

There are signs that Mr Sproat would like to see this go, and with it many of the industry'a mini-qnangos. However, tha film business also senses a sympathy on Mr Sproat's part towards television paying something towards the continuation of the film prodnction industry from which it takes so much.

The Government has already indicated that it is not entirely deaf to pleas from tha film and cinema business. Filmmakers breathed a sigh of relief recently wben it finally backed off from changes in the tax laws which might have sent film investment casb scurrying out of the country.

Under the present, and to he continued, scheme film investment can be written off completely in one year. It was to have been replaced by a life-of-film write off system, but this provoked cries of borror from the filmmakers and the Government bas put off any final decision until 1987 at least.

Much of the reason for this relief is that film production is a vastly healthier business in Britain than film sbowing. Last year (again according to Screen International) 51 major films were made in the UK, or crewed by UK film units, compared with 24 in the previous year.

Production investment was £230m, a sharp rise over 1981.

The boom, in spending at least, aeems to have continued into this year. The latest figures indicate that while there were only six films in production in the UK in January, whicb is the same number as last year, tha investment involved had gone up from £39.3m to £62.5m—with the two rival James Bond films, one with Roger Moore (Octopussy) and the other with Sean Connery (Never Say Never Again) contributing beavily to this total.

While most of the films included in this list are straight forward productions intended for the cinema, in fact the line between film and television production is increasingly blurred.

Often films are actually designed for what is termed a "multi-media" release. The Far Pavilions, Goldcrest Films and Television's version of the best-selling novel, is aimed at U.S. television and normal cinema release in much of the rest of the world. Goldcrest, a Pearson Longman subsidiary, is riding high at the moment. It was Goldcrest that got the Chariots of Fire venture going—although the bulk of the final investment money came from tha U.S.—and it was partner with the Indian Government in the film Gandhi.

Gandhi dominates the nominations for this year's British Academy award nominations. It also baa 11 nominations for U.S. Oscar awards, to be announced on April 11.

The gap between the sort of giddy success this could bring and ignominious failure, is enormous.

Filmmaking today is a hugely expensive business. While a quite modest production might cost say £3m the cost of getting that film into the cinemas—by the time basic marketing, printmaking and distribution expenses are added—the real bill could be twice that amount.

In the end, thanks to retail mark-up and tax, it may bave to take four times its manufacturing cost at the box office before the producer is likely to see any return.

If you hit tbe jackpot, however, the rewards are remarkable. In less than nine weeks the latest Dustin Hoffman film, Tootsie, has grossed more than $106m, whicb is, of course, well under half what has been taken already by ET.

There is little doubt that the cinema owners, particularly British cinema owners are eager for more best-selling material. The cinemas are eager to see their properties the centre of family entertainment once again.

"People have been staying at home for too long," says Percy Livingstone. "They put up with endless repeats on the small screen or are seduced temporarily by the availability of video tapes in the home when they could be enjoying films where they were meant to be seen."

World Economy

Where North-South should go from here

By Jagdish Bhagwati

THE GLOBAL negotiations embracing North-South issues have been stalemated since the UN General Assembly resolved to launch them at the United Nations in 1980 at a special session. Attempts are currently being made to seek yet again a launching of the Global Negotiations during 1983. The non-aligned nations are meeting this week in New Delhi and *will chart their strategy on* North-South economic issues. The question is therefore pertinent: What should this strategy be and should Global Negotiations have any role in it?

The story of North-South relations, and the dialogue concerning them, could be written in oil. Before oil entered the picture, North-South issues were already on the international scene. Bnt they were to be transformed with the triumpb of the Organisation of Petroleum Exporting Countries.

The post-war period was indeed the era of the Liberal International Economic Order (LIEO), par excellence. Under U.S. leadership, which was tantamount to *Pax Americana*, the international institutions founded at the end of the war, IMF, Gatt and IBRD (the International Bank for Reconstruction and Development), provided the institutional umbrella under which trade, investments and growth prospered.

Many southern nations were unhappy over their inadequate power and role in the postwar institutions. They also did not share fully the tenets of the LIEO philosophy that underlay the design of these institutions. Until 1973, these concerns were generally manageable. Indeed, accommodating responses were made: eg, new low conditionality facilities for the developing countries were instituted at the IMF, in the shape of the Compensatory Financing Facility in 1963 and the Buffer Stock Facility in 1969.

This mildly accommodationist status quo was sharply interrupted by the success of Opec which began in 1971.

The example of Opec suggested that other commodities could also be cartellised to extract resources unilaterally from the North. The *economic* concept of "commodity power" was born. The use of the 1973 oil embargo also suggested the *political* concept of commodity power.

Hence, the early 1970s witnessed a definite shift of gears. The South entered, with a perception of new strength, the *negotiations* phase: for negotiations cannot occur meaningfully between grossly unequal partners. The South moreover took the stance that the entire range of international economic issues — trade, money, aid, energy, raw materials, etc—be *negotiated together* as part of a New International Economic Order.

Members of the rich and poor nations could find common ground in their fears over the sharp rise in international debts

The euphoria that attended Opec's success, however, soon vanished. Opec itself gradually dimmed as a threat once the first oil shock (especially the quadrupling of oil prices during 1973) was absorbed, oil prires stabilised in the subsequent years and conservation programme got hesitantly underway. Moreover, commodity power was soon realiaed to be illusory; oil was seen to have been a special case.

Dnring 1978-80, the real price of oil increased again, by 80 per cent. This turn of events was the catalyst for a fresb lease of life to the notion of negotiating from strength.

Algeria resurrected at the 1979 Havana Non-Aligned Conference the NIEO approach that it bad launcbed in 1973 and these nations resolved thal comprehensive, global negotiations should be launched on North-South issues. As with Algiers, the Havana consensus was followed np at the UN General Assembly in its 34th session where it was resolved that, at its 1980 special session, global negotiations on international economic co-operation for development would be launched.

But the consensus for launching Global Negotiations bas been followed by inaction. The most compelling reason is that the oil card is now played out. The success of conservation played a minor role. But ultimately the world recession delivered the coup *de grace*.

In a sagging world oil market, with Opec in considerable distress, the Global Negotiations have lost their political rationale once again. Opec has nothing to offer, nothing to threaten: no *quid pro quo* therefore can be demanded from the North. Negotiations from strength, therefore, are simply unrealistic once again.

Evidently, therefore, there is a compelling case for suspending the Global Negotiations, at least temporarily. Trying to launch the unlaunchable is not just unproductive; it is also counterproductive.

But this step should be combined with simultaneous positive initiatives that seem presently to be negotiable. In particular, the fears over the international debt situation have opened np a genuine area of mutual concern that draws into its ambit a number of influential countries of the North and South.

The resulting recent exploratory thoughts by U.S. Treasury Secretary Regan, suggesting that an International monetary conferenre might be organised, evidently with wide participation, represent an opportunity for the South to enter the scene actively.

Such an initiative would require both forceful political action (for example active mobilisation of the political leadership of the South) and careful economic preparation.

The endorsement of such a conference, at the Inter-Ministerial level, which would ensure adequate back-up research and preparation, preferably coming in early 1984, is precisely what the South should now turn to. The ideal place to begin this would be this week's meeting in New Delhi. As in 1973 in Algiers and in Havana in 1979, the non-aligned nations can take a new turn of historic importanre this week in New Delhi. A supportive, flexible and pragmatic response to such a turn by the developed countries would be most desirable. This opportunity sbould not be lost.

The author is the Arthur Lehman Professor of Economics at Columbia University, New York and director of its International Economics Research Center.

Letters to the Editor

Choosing the means for change in monetary policy

From Professor T. Wilson.

Sir,—As Mr Samuel Brittan observed (February 28) the Government's financial strategy was modified over the past year or so. Although the change may not have been carried far enough to accord to monetary expenditure — nominal gross national product—as central a role as that long recommended for it by a number of people—notably Professor J. E. Meade and Mr Brittan himself—rather more official emphasis appears to bave been given to it than was previously the case.

Tbus an increase of about 10½ per cent was anticipated for last year, with real output going up about 1½ per cent and the remainder being dissipated in inflation. In tha event, prices *rose less* but *so*, unfortunately, did output which increased by only ½ per cent. Thus the rise in expenditure *was not on* quite tbe expected scale, but the money stock, as maasured by *£M3, did rise* by *about 10½* per cent which was within its target range. The inference is, of course, that the money stock is being used less actively. This is not a new development. The velocity of circulation of £M3—that is to say, the ratio of nominal GNP tn £M3—had already fallen from 3.80 in the second quarter of 1980 to 3.17 in the last quarter of 1981 and must now be still closer to 3.0.

At a superficial glance, this situation may seem reminiscent of the traditional Keynesian account of a depression when a substantial rise in pnblic investment was recommended in order to offset an inadequate take-up of funds by the private sector. There is, indeed, a case for rather more public investment but not, of course, because we are really in a depression of the kind Keynes had in mind with interest rates at rock-bottom. For real interest rates are very high and the international obstacles to their reduction are only too familiar.

*Mr Brittan, for his part, sug*gests that a lower pound may stem the decline in monetary expenditure. The fall in the pound sbould, indeed, belp; but the old problam remains—that of preventing depreciation from being rendered ineffective after a time by demands for higber pay which, if resisted solely by a newly intensified financial clampdown, could entail the loss of wbatever ground bas been gained.

Mr Brittan is right to insist that cbanges in monetary expenditure sbould be given a more central place. Tbe problem is then to assess bow large the change ahould be and —as last year's experience illustrates — to choose the means most likely to eusure that this change will be achieved.

(Professor) Thomas Wilson.
Department of Political Economy,
University of Glasgow,
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Glasgow.

Just for the record

From Sir Harold Wilson

Sir,—Mr Samnel Brittan (Lombard March 7) refers to the 1964 Government I headed, "which was pledged to the white heat of a technological revolntion that never occurred." This is an old legend made no more true by repetition.

It will be recalled that the Government of Sir Alec Home went to the very end of the life of a parliament. Just before be called the general election, professor Patrick Blackett (later Lord Blackett) who had headed a scientific advisory committee to brief Hugh Gaitskell and later myself, warned me: "Yon will bave just three weeks to sava any hope of Britain'a having ber own computer industry."

On entering No 10, I found that HM Treasury, which was embarking on a computer programme was just about to place an order for an American product. My first item on our first Cabinet agenda referred to "projected purchases of American computers" aud I secured full agreement from a Cabinet whicb included only ona other former Cabinet minister, that the Treasury must buy British. We then took active steps to help.

This was by no means the only case — and on a later occasion I intervened to support another Britisb firm which was in danger — now flourishing. Some years later, on the way to Balmoral, I rerelved serious news from one of the most successful and technologically advanced firms in Britaln. There was a danger of closure arising from a temporary cash flow problem, so the Government stepped in: I made it clear that this was not to be an act of nationalisation. Some time after I left No 10, I read news reports of its restoration to private ownership, the Economist referring to tbe proceedings as a "sexy package."

I should refer also to the stimulus we gave to industry by an undertaking I bad set up in my Board of Trade days in 1948, the National Reconstruction and Development Corporation. It was designed to belp small businesses, and larger firms in tbe high lechnology field. We were prepared to lose the initial capital to get these firms launched and their products sold: In fact, I was told later that by the mid-1970s it had made bundreds of millions profits for the Treasury.

I shall be glad to put Mr Brittan on to further sources on this subject.

(Sir) Harold Wilson.
House of Commons, SW1

Company pension schemes

From Mr J. Sloan

Sir,—I think most people will agree with Mr M. Pilch where he states (March 4) that a proposal to compel employers to apply for the benefit of each employee a uniform percentage of payroll for pension purposes is incompatible with the maintenance of final salary pensions.

What I fail to understand is why final salary pensions should be so sacrosanct. I cannot see any objection to the withdrawal by an employer of the final salary pension commitment thereby allowing the employer to make a job offer on the basis of £a salary plus b% company contribntion towards pension irrevocably allocated to the employea (whether it be within the company pension scheme or within an employee's individual scheme is immaterial). Granted that the employee will not know with any accuracy when ha accepts these terms the exact amount of his pension, as this will be a factor of the length of time he works and of his salary progression during that time. An approximata calculation of pension, however, could be made five years before retiral giving bim time to augment this figure by Additional Voluntary Contributions if the pension calculation appears inadequate.

Additionally, if an employee was considering changing employment, he would be in a much better position to judge the relative merils of alternative offers when it is a simple comparison of £a plus b% against £c plus d%. In addition to aliminating the "leavers versus stayers" injustice, this procedure would have the further advantages of allowing an employer to offer employment to a senior prospective employee in his 50s without being saddled with an enormous pension liability; allowing the employer to quantify accurately his total annual pension contribution liability; and eliminating the pension problem which can arise on the takeover of a public company where the pension scheme of the acquired company is substantially underfunded. This fact is usually not discoverable before the acquisition is completed.

J. S. Sloan.
32, Cramond Gardens,
Edinburgh 4.

From Mr M. Noor

Sir,—The president of the Society of Pension Consultants suggests (March 2) that giving employees the freedom to opt out of occupational pension schemes would be both extremely expensive and unpopular with older long aerving members of ataff. I would dispute this.

There must be many thousands of employees in their late forties and fifties who have reached the limits of their potential in their current jobs and wbo would welcome the cbance to get renewed enthusiasm from some fresb challenge, perhaps in self employment, if only they could convert their pension rigbts to a private scheme on fair terms.

In so far as there is a cost to giving people this freedom it is merely indicativa of the extent tn which tbe present arrangements rob the mobile in order to reward the atick in the mnds.

In my view this cost would be more than offset by the additional mobility and motivation that freedom would bring.

M. D. Noar.
Mill House,
Hollingbourne, Kent.

Increased IMF resources

From Mr W. Grey

Sir,—Wasn't Professor Michael Beenstock, in deploring the "schizophrenic" increase in International Monetary Fund resourrea (Lombard, March 2), perbapa himself being a *trifle* over-dramatic? In relation to the size and regular growth of world liquidity, that once-fnr-all increase is of course, puny.

Furthermore, wbether Third World indebtedness is a temporary (liquidity) rather than chronic (solvency) problem or not, surely anything wbich meanwhila belps defuse the consequent world banking crisis, without thwarting the spontaneous world economic recovery Professor Beenstock ia looking for, is to be welcomed.

As for misconceived attempts to help the IMF find a new rnle, extending maybe even to a contra-cyclical world monetary policy capability, the past decade's loss of the old hardly provides convincing proof that any cbange bere can only he for the worse.

W. Grey.
12 Arden Road,
Finchley, N3.

FINANCIAL TIMES

Wednesday March 9 1983

ARMS BAN MOVE 'COULD TAKE INITIATIVE FROM SOVIET UNION'

Nato allies call for new U.S. missile bid

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

KEY EUROPEAN Governments in Nato want the U.S. to launch a new initiative oo limiting medium-range missiles in Europe before the Geneva talks break for their spring recess on March 28.

In the wake of the West German election, the Noto Governments, led by Britain and Germany, argue that such a move by the U.S. might wrest the initiative from the Soviet Unioo and might lead to a balanced, if interim, agreement by the end of this year.

They argue that with the electioo of Chancellor Kohl and the probable reoppointmeot of Herr Genscher as Foreign Minister, the Soviet Uoion should realise that Nato will begin to deploy the 572 cruise and Pershiog II missiles by the end of this year, failing an arms cootrol agreement.

That, they argue, should provide the incentive for the Russians to begin to negotiate seriously, which Moscow bas not been prepared to do as long as a victory by the opposition SPD in Germany seemed possible.

Washington's European allies argue that, by making new proposals now, the West might recover the *initiative* in the Geneva *talks*, which was ceded last December after new proposals by Mr Yuri Andropov, the Soviet leader.

They also have domestic reasons for urging the U.S. to move speedily. In Britain, the Government believes that opposition to the deployment of the first cruise missiles at Greenham Common this year is likely to mount as the general electioo approaches. In Germany, Chancellor Kohl's victory does not mean that oppositioo to the deployment of the Pershing II missiles, also due to begin at the end of this year, will decline now that the SDP is confirmed in oppositioo and the Greens are represented in Parliameot.

Chancellor Kohl, who alone stood firmly behind the current American stand at Geneva, suggested in his last press conference before the election that the would like to see new proposals from Washington. Such proposals, Germany and the UK seem to agree, would have to follow the lines of the compromise package worked out informally by the Soviet and American negotiators in Geneva last July but rejected by Moscow and Washington.

The key element is that any proposal made oow would involve some deploymeot of the new U.S. missiles io Europe in return for considerable reductions in the Soviet medium-range arsenal of SS20, SS4 and SS5 missiles, as well as agreed ceilings on missiles in tha Far East.

However, it is not yet clear whether the U.S. is ready to move as fast or as far as its allies would like.

Last month, President Reagan enuncioted four criteria to govern U.S. consideration of a deal that would be less than the mucb publicised zero option, under which the U.S. would agree not to deploy the 464 cruise and 108 Pershing II missiles in Europe, provided Moscow dismantled all its equivalent medium-range nuclear missiles.

There appear, however, to be different views in Washington on whether it is wise at this stage to make concrete proposals that would amount to considerably less than the zero option.

That is partly because differences exist within the Administration as to whether Moscow is ready for real *negotiations or whether* it feels it can still undermine the deploymeot of the U.S. missiles by continuing to play on divisions within Nato.

There is also a fear that a public *proposal* that *included* specific oumbers of weapons for each side would undermine flexibility at the negotiating table. In Geneva, Mr Paul Nitze, the U.S. ambassador, who leads the U.S. oegotiabons, is believed to be on a tigbt rein, as is his Soviet counterpart, Mr Yuli Kvitsinsky. It is believed that oeither side may move without specific instructions.

On the U.S. side, the next ten days or so might be critical in determining whether an early move is made. Nato's higb-level group of officials, whicb oversees the deployment of the oew missiles, meets in Brussels at the end of this week, while the special consultative group, which is coocerned with the Geneva talks, meets ot the eod of next week. That meeting would be expected to endorse any U.S. decisioo to move ahead io Geneva.

The package that Mr Nitze and Mr Kvitsinksy worked out in their now famous "walk in the woods" near Geneva last July involved equal ceilings for both sides' medium-range nuclear weapons in Europe.

Each party would have 225 such nuclear "systems." Each would have 75 missile launchers and 155 ooclear-capable aircraft. Oo the missile side, *because of the configura*bon of the two forces, that would effectively give the U.S. 300 ouclear warbeads on cruise missiles in Europe, while the Soviet Union would bave 225 warbeads, all on SS20s. The agreement provided for a ceiling of 90 Soviet missiles in Asia.

It did not involve counting the British and French systems, which bave beeo the ceotrepoint of subsequent Soviet proposals, including those made by Mr Andropov before Christmas. Neither did the Geneva proposal involve the deployment of U.S. Pershing II missiles in Germany.

It must be doubtful wbether the U.S. could now make proposals that did not at least provide for the possibility of deploying Pershing IIs. It would also be likely to seek a lower ceiling oo the number of missiles that the Soviet Union would be permitted to deploy in the Far East.

For its part, the Soviet Union might find difficulty in accepting proposals, eveo as a basis for negotatioo, which contained no reference to the Britisb and French nuclear deterrents. To that extent, officials in Western governments believe, the omens for a successful agreement are now less good than they were last July.

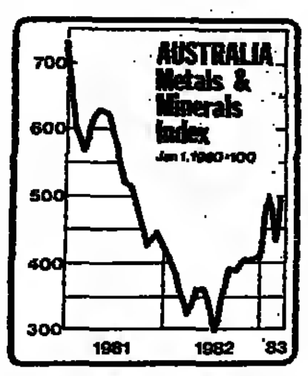
U.S. demonstration, Page 4

THE LEX COLUMN

HK Bank calls up the reserves

Bank lending to industry and the constructioo sector picked up in banking February, but persooal lending tailed off as the consumer boom ran out of steam. So the aggregate figure remains relatively modest and at the effective end of the year monetary growth has emerged bang in the middle of the target range.

This comforting background for the Chancellor of the Exchequer in framing next week's UK budget took second place yesterday to Opec's unguillotined debate, however, and gilt-edged sank with sterling.



Hongkong Bank

As a de facto central monetary authority, the Hongkong Bank has traditionally put the confidence of the colony's financial community ahead of clarity in its publisbed figurework. Yesterday's preliminary announcement was no exception. Net profits for tha year are reported to be 11.4 per cent higher at HK$2.4bn. A change to equity accounting for associates makes any attempt at a half-year split difficult, but it seems that growth has slackened off sharply in the second six mooths.

The strains of shoring up the property sector and the deposit-takers must have taken their toll oo the parent bank – especially after its selflessness in adopting some of Wardley's bad debts. Offsetting factors have been the benefits of a 14 per cent devaluation against the U.S. dollar and substantial gains oo the U.S. bond market. Eveo Antony Gibbs bas chipped in a profit after its £3.1m net loss in 1981.

Nevertheless, to show this outcome, the bank may have had to dig quite deeply into the proportioo of profits quietly transferred into inner reserves. According to stockbrokers Greenwell, underlying profits may have been flat in 1982 at about $3.4bn, implying an actual decline in the second half. Certainly the dividend signal falls well short of the normal ebullience, with the bank only *managing to match its* minimum forecast for the final payment. In London yesterday the shares sagged 2p to 90p, where the yield is 6 per ceot.

Australia

With the booster of the 10 per cent devaluation, the Australian stock market has shot back to within a whisker of where it was before the general election was called in early February. In London, without the currency factor, the shares scarcely budged. Devaluation may bave eliminated one question mark but investors are still looking at a range of uncertainties which may put a brake on the market run which begun last July.

Even without the new political factor, the market had been bid up to demanding levels. On the strength of a world industrial recovery which still has to materialise, some of the favoured resource stocks ere sporting multiples which make Glaxo look like an aiso-ran.

Most mining companies are beginning to recover from the profits oadir reached last summer, and their sales are conveniently denominated in U.S. dollars, but a real improvemeot in earnings will depend far more on the Reagan Administration than anything Mr Hawke can do.

In the meantime the 2 per cent rise in bank base rates to 16 per cent underlines the hesitancy of international funds to commit themselves further. Apart from the question of Australian wages costs, profits are under threat from the proposal for a new resources tax – which could particularly hit the highly sheltered gold mines – while the extreme left's opposition to uranium mining has thrown several new projects loto doubt.

Obvious mining problem areas, such as the depressed coking coal industry, have already been discounted by the market, but Australia will be watched very hard by those investors with bitter memories of the way Canadian mining taxes plezed havoc with profits in the 1970s.

A & A

Alexander & Alexander, the U.S. insurance broking giant, yesterday laid bare the scars sustained in its controversial acquisition of Alexander Howden. For 1982 A and A's net income dived from $57.7m to $15m before taking into account a $40m extraordinary charge made on the deficiency in Howden's assets at *the prompting of the SEC*. After the charge, A and A made a net loss of $25m.

The underwriting activities of Howden remain a running sore. A$17.5m in A and A's share of income on unconsolidated subsidiaries – mostly Howden's underwriting activities – led to o loss from that source of $15.9m in the last quarter.

A and A is unsurprisingly reviewing its posture and position in insurance underwriting, but while instituting management changes in the two main insurance arms of *Howden is contemplating no sale* in the near future.

Eventually it may do well to take *a leaf out of the book of Marsh and McLennan*, its principal rival. Marsh has already decided to sell its insurance companies. Yesterday it emerged that there were 50 or 60 interested parties.

At least this course would allow A and A to recover some of the buge injections of cash which Howden's insurance concerns have required.

Hanson/UDS

Given the complexities of the task that was involved, the board of *UDS Group must* feel *pleased with* its success in obtaining a bang up to date valuation of the UDS properties proposed for sale to Burton Group in time to include it in the *recommended offer to UDS share*holders of the bid by Hanson Trust.

Sadly unavailable for the board's own UDS document rejecting Bassishaw's unwelcome bid, the figure adorning the formal Hansoo offer shows a book value for the properties of £112.9m or 209p a share, as of just last Friday.

As it happens this is not far removed from the £105m valuation apparently reached by Burton during its talks with the UDS board. It does underline, however, the distance that can separate a valuation from a negotiated market price – in this case, £78m, albeit for a package including about £11m of other assets.

So much for the property revaluation case in the original UDS defence. As for the effect on the agreed bid, Hanson's offer was last night equivalent to 124p a share representing a 41 per cent discount to the revalued book.

Ten 'lose control' of farm spending

By John Wyles in Strasbourg

MR Christopher Tugendhat, the EEC Budget Commissioner, virtually conceded yesterday that the European Community was losing control of agricultural spending and was unlikely to have money next year for the "healthy development" of non-farm policies.

He warned the European Parliament in Strasbourg that all the Community's available budget revenues of around 27bn European Currency Units (ECUs) looked likely to be spent oext year because of soaring demands from the farm sector.

He predicted a 1984 rise of around 20 per cent in agricultural spending. If this is correct, the growth in allocations for social, regional and eoergy policies would be severely constrained.

The absence of any spare cash withio the 1 per cent value-added tax ceiling on budget revenues (own resources) would also make it virtually impossible to pay adequate reimbursement to the UK oo its payments to this year's EEC budget.

That message was communicated in a speech designed to dissuade the Parliament from backing a call by its agriculture committee for o minimum 7 per cent increase in farm prices from April 1.

Mr Tugendhat's most remarkable disclosure was that the Commissioo's own proposals for an average 5.5 per cent rise was now too large to *ensure* that *farm spending is* kept under control.

The Commissioo has tried to keep the growth in the farm budget in line with the annual rise in the *EEC's budget reveoues – about 10* per cent.

Mr Tugendhat, however, claimed yesterday that the 5.5 per cent price proposal, coupled with the soaring cost of overproductioo, would lead to an expenditure rise next year "double that of the increase in available own resources."

Traditionally, the agriculture ministers add a percentage point or two to the Commission's price proposals.

If they follow the Parliameot's proposals for a 7 per cent price rise without measures to curb overproduction, Mr Tugendhat predicted a 2.2bn ECU increase oo this year's farm budget of 14.03bn ECU.

This forecast, however, does not take account of likely market developments which Mr Tugendhat has built into his estimate of a roughly 2.8bn ECU rise in agricultural spending on the basis of the Commission's lower price proposal.

Howden losses, merger costs push Alexander into the red

BY RICHARD LAMBERT IN NEW YORK

ALEXANDER and Alexander, the world's second largest international insurance brokerage firm, yesterday disclosed that the costs of its acquisition of the Alexander Howden group, the London broker, have been even heavier than expected. A and A reported a oet loss of $19.9m in the final quarter of 1982, and a large part of the downturn stemmed from losses in Howden's underwriting activities.

The group had already announced a $40m extraordinary charge against earnings in the third quarter of the year following a *write-down* in the *value of* Howden's assets.

For the year as a whole, A and A's net income plunged from $57.7m to $15m, before allowing for the $40m charge. The group said yesterday that if it had not acquired Howden, its net income for the year would have been $36.1m after tax.

The Howden group, for which A and A paid around $300m, reported an operating loss of around $300,000 for the year. Costs associated with the purchase, including interest expenses, legal costs, and amortisation came to $20.7m, before taking account of the extraordinary charge.

Mr John Bogardus, A and A's chairman and chief executive, said that "we have put 1982 behind us and are optimistic that the company will regain its momentum in 1983." The group had not lost any senior executives *as a result of the* merger, be added, and the fundameotals of the organisatioo remained strong.

"We have had a bad merger, and we hope to resume our previous strong earnings record," Mr Bogardus added. There were no pressures for any boardroom changes, and oo class actions had been started by shareholders against the company.

The group was oow evaluating its posture and posibioo in the insurance underwriting business, Mr Bogardus said. Mr Josepb Morahan, previously chairman of one A and A's existing underwriting businesses, was to assume management responsibility for Howden's two main underwriting operations, Sphere Drake and Atlanta International.

Although the group had yet to determine its loog-term plans for these companies, there would be no sale of their assets in the near future.

Mr Bogardus confirmed that A and A bad started litigatioo against four former Howden executives and Mr Ian Posgate, the former leading underwriter at Howden. But he said it would be some time before the litigatioo was likely to come to court. The group had no litigation outstanding against the auditors and investmeot banks involved in the deals but was "considering any way in which we can effect recoveries."

In the final quarter of the year, Howden's operating profit dropped from $18.1m to $1.2m. Most of that setback has the result of a slowdown in A and A's original busioess, where expenses rose by around $18m and reveoues were only about $3m higher.

Mr Bogardus blamed the soft insurance market for the fall in revenues, and said that A and A's established business had oot been damaged by the Howden merger. Howden itself had suffered some relatively modest shrinkage in its direct broking business, but its reinsurance side had not lost business.

However, the biggest item in the final quarter setback was a $17.5m downturn to a loss of $15.9m in the group's share of income in its unconsolidated subsidiaries, mainly the *Howden underwriting activities*.

The group bas bolstered the reserves of Spbere Drake by another $10m, making a total investment of $45m in *Howden's underwriting* reserves during the second half of the year.

In addition, it bas suffered a book-keeping loss of $7m, which represents an amortisabon of the fair value discount for the liabilities of the insurance fund. This has beeo made necessary by the fact that losses have been coming through more quickly than had been expected, with an adverse impact on casb flow.

The group has not yet completed its final balance sheet, but it indicated yesterday that its tangible net worth at the end of the year would be under $100m, and its debts would be over $200m. It said it was satisfied this was a sufficieotly large equity base.

Discussing the outlook for 1983, Mr Bogardus said he thought that the insurance market would remain very soft *during the first half* of the year, but he was expecting a gradual improvement thereafter. As a result, he boped the group's earnings would pick up over the year.

Nigeria threat to oil price pact

Continued from Page 1

threat than Iran's refusal to limit its productioo or contemplate a reduction in the official Opec reference price from the preseot level of $34 a barrel to $28.50 to $30. It creates the danger of a general and dramatic collapse of oil prices. The majority had still not decided what the correct rate should be, but the consensus was that it should be no less than $1 below African and North Sea crudes.

Yesterday the seriousness of the situation facing Opec was emphasised by Sr Humberto Calderoo Berti, Venezuelan Minister of Energy and Mines, who said: "If there is no agreement when we meet in one or two weeks' time, we will not be discussing oil at $30 per barrel but maybe $25." Io answer to a question from an oil trader, be said that if be were io the business, he would not buy in the present situation.

Mallam Dikko did not say bow far his Government wished to raise its output above the 1.3m b/d or so currently acknowledged to be Nigeria's fair share under a collective ceiling of 17.5m b/d.

But he shocked moderate delegations inteot on securing an accord calculated to defend a lower reference price at a strained ministerial meeting with his insistence that his country should be given a competitive edge over the UK and Norway.

Opec's difficulties are compounded by the fact that Algeria and Libya produce similar varieties of crude.

Most other members say Nigeria's oil has a slight advantage over North Sea crude in terms of quality, and that it would enjoy, therefore, some advantage if the prices of the two were at parity.

Nigeria's uncompromising stance came as an almost devastating blow to hopes of a serious accord after the rejection by Mr Mohammed Gharazi, Iranian Minister of Oil, of a reduction in $34 reference price (though his country is charging $27 or less) and his insistence on a productioo rate for itself of no less than 3m b/d.

The consensus of the majority – in particular, the Gulf Arabian producers, Indonesia and Venezuela – was that Iran probably would have to be left to go its own way. Any possible agreement, they considered, would have to be drawn up without its adherence, but taking into account Tehran's policy.

With the preoccupation over Nigeria, whose stance is accepted as arising from its dire political and fioancial situation, no attention was given yesterday to the allocation of quotas within a limit of 17.5m b/d.

Zambian accord on IMF standby

By Michael Holman in London

ZAMBIA has agreed with the International Monetary Fund (IMF) oo a SDR 211.5m ($152.2m) one-year stand-by facility to pave way for rescheduling of external debts on which payment of principal was suspended earlier this year.

The agreement is seen as a major step towards a consultative group meeting in mid-year under the chairmanship of the World Bank.

A formal announcemeot is expected when the IMF board meets next mooth but a letter of intent has already been signed.

The agreement comes at a critical time, both for the economy and for President Kenneth Kaunda, who faces parliamentary and presidential elections towards the end of this year. Dr Kaunda, who will make a state visit to Britain later this month, is expected to spend part of his time in London talking to bankers and businessmen.

He will take the opportunity to explain Zambia's plight and outline his Government's recovery programme. Copper and cobalt provide 98 per cent of Zambia's export earnings, but low prices in the past few years have left the economy in its worst positioo since independence in 1964.

One symptom is mounting arrears in payments to suppliers and delays in remittance of profits and dividends. They now exceed kwacbas 700m ($595m), nearly 70 per cent of annual exports.

In January this year, Zambia met one of the conditions for the IMF facility when it devalued the kwacha by 20 per cent. It also announced the suspension of payments of principal on its external debts. Service payments in 1982, including IMF obligations, had risen to oearly 50 per cent of export earnings.

The IMF agreement is seeo as the first of a three part recovery package. A Paris club meeting of creditor governments is expected to be called in April, followed by a conference of donors and institutions.

Mr Bitwell Kuwani, Zambia's Central Bank governor, has beeo in London recently for talks oo the programme and debt obligations with representatives of two of the leading banks in Zambia, Barclays and Standard Chartered.

Komatsu wins Siberian deal

Continued from Page 1

separable and that therefore current disagreemeots between Tokyo and Moscow on a variety of political issues preclude full provision of Japanese export finance.

The Japanese Government has, in any case, agreed with other members of the Organisation for Economic Co-operation and Development (OECD) not to enter into preferential financing of trade with the Soviet Unioo and its satellite countries.

What worries Japanese businessmen, however, is the perception that certain European countries, specifically West Germany, Italy and France, are stealing a march in winning major plant orders from the Soviet Union. Although straight Japanese exports of goods to the Soviet Union bave held up well, plant orders have declined appreciably.

World Weather

		°C	°F
Ajaccio	S	14	57
Akrotiri	C	15	59
Algiers	S	18	64
Amsterdam	S	10	50
Athens	S	17	63
Bahrain	C	26	68
Bangkok	S	32	90
Barcelona	S	14	57
Beirut	F	15	59
Belgrade	S	15	59
Berlin	C	8	46
Biarritz	S	22	72
Blackpool	C	8	43
Bordeaux	S	17	63
Brussels	S	10	50
Budapest	–	—	—
B. Aires	S	31	88
Cairo	C	17	63
Cape Town	C	19	66
Caracas	C	30	86
Casablanca	C	18	64
Copenhagen	C	9	48
Corfu	S	16	61
Dublin	C	6	43

		°C	°F
Dubrovnik	S	14	57
Faro	F	17	63
Florence	C	13	55
Frankfurt	C	9	48
Funchal	S	19	66
Geneva	S	11	52
Gibraltar	C	15	59
Guernsey	S	7	45
Helsinki	S	-3	27
H. Kong	C	15	59
Innsbruck	S	13	55
Inverness	S	10	50
Istanbul	F	11	52
Jersey	S	8	46
Jo'burg	S	27	81
Las Palmas	S	18	66
Lima	S	29	84
Lisbon	C	16	61
Locarno	S	15	55
London	S	11	52
Los Angeles	C	21	70
Luxembourg	S	10	50
Madrid	S	16	61
Majorca	S	15	59

		°C	°F
Malaga	F	15	59
Malta	F	15	59
Manila	S	32	90
Miami	C	19	66
Milan	S	14	57
Moscow	S	-5	23
Munich	C	8	46
Nairobi	–	—	—
Naples	F	15	59
New Delhi	C	27	81
New York	R	2	36
Nice	F	14	57
Oporto	F	18	64
Oslo	F	4	39
Paris	S	13	55
Prague	C	8	46
Reykjavik	S	2	36
Rio de J'o	C	31	88
Rome	S	14	57

		°C	°F
Salzburg	S	10	50
Seoul	F	7	45
Singapore	S	34	93
Stockholm	F	2	36
Strasbourg	F	11	52
Sydney	S	26	79
Taipei	R	16	61
Tangier	S	17	63
Tehran	–	—	—
Tel Aviv	C	14	57
Tenerife	S	20	68
Tokyo	F	9	48
Toronto	C	4	39
Tunis	S	15	59
Valencia	S	15	59
Venice	Fg	6	43
Vienna	C	9	48
Warsaw	–	—	—
Zurich	S	10	50

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Uruguay seeks delay

BY PETER MONTAGNON IN LONDON

URUGUAY has asked its commercial bank creditors for a 90-day moratorium on repayments of principal to allow time to work out a detailed plan for rescheduling some $570m of debt maturing this year.

The moratorium, which *has* become an almost standard procedure for countries seeking debt rescheduling, would expire in early June. Uruguay announced last month that it intended to seek a rescheduling as well as up to $250m in new loans to finance its balance of payments deficit this year.

With the moratorium it has now put this in motion. An advisory committee of leading creditor banks is being formed under the chairmanship of Citibank formed to handle negotiations. Other banks involved include Bank of America, Bank of Nova Scotia, Credit Suisse, Lloyds Bank International and *Manufacturers Hanover*.

Bankers said yesterday that they hoped to keep Uruguay's rescheduling low-key and straightforward as only around 70 banks are involved, but an advisory committee meeting scheduled for March 18 is likely to be postponed to allow Uruguay more time to prepare economic data, especially on its foreign-exchange cash flow. Uruguay has over $3bn in total foreign debt

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday March 9 1983

Rhone talks on fibre plant conversion

By David Marsh in Paris

RHONE-POULENC, the French state-owned chemicals group, has been holding talks with Boussac Saint Freres, the textiles company, about converting its artificial fibres plant at Roanne in central France, which is due to close at the end of the year.

The plan is for Boussac to use the factory to make hygiene articles such as toilet paper, sanitary towels and babies' nappies, for which the company has detected a growing market currently being met by significant imports.

About 150 of Rhone-Poulenc's 300 workforce at the factory could be absorbed by the new business, with 70 people being redeployed in the chemicals group and 75 being retired early.

As part of the agreement, Rhone-Poulenc's industrial plant company, Sopran, will co-operate with Boussac in converting to new operations the textile company's plants in Picardy in northern France, aiming to create 150 jobs.

Boussac's FFr 577m ($84.5m) investment plan for 1983 previews increased spending in the hygiene products sector, which now makes up 30 per cent of its turnover.

The Peaudouce brand of nappies has been earmarked for particular development.

Carrefour experiences slowdown

By David Housego in Paris

CARREFOUR, France's leading supermarket group, experienced a slowdown in net consolidated profits last year which grew by 9.9 per cent to FFr 312m ($45.7m) after a 23 per cent increase in 1981.

The group blames the slowdown on the price freeze and the squeeze on margins that the French Government imposed after last June's devaluation. The group was also hit by a dip in consumption in France.

Profits before tax and before deductions for employees' profit participation fell by 1.2 per cent to FFr 739m on provisional figures. Turnover boosted by sales from the group's foreign interests rose by 14.6 per cent to FFr 16.3bn. Carrefour's main overseas outlets are in Spain and Brazil.

The slowdown in consumption hit French sales after August and has continued in the early months of this year.

Enserch takes half stake in Swiss building group

BY JOHN WICKS IN ZURICH

ENSERCH of Dallas will acquire for SwFr 18m ($8.8m) a 50 per cent stake in Losinger, Switzerland's largest construction company. This comes after major losses for 1982 from the Berne-based group, due to irregularities on the part of its U.S. subsidiary, VSL Corporation, Los Gatos, California.

Enserch will buy shares with a nominal value of SwFr 20m of Losinger's SwFr 40m existing capital at a price of SwFr 450 per SwFr 500 unit. These had been quoted at about SwFr 430 to SwFr 440 when trading in Losinger shares was suspended last month.

Enserch will also grant Losinger a seven-year subordinated convertible loan of SwFr 20m. This loan is renewable. However, should conversion take place this would make the Dallas company Losinger's controlling shareholder.

The shares will be bought from the stock market, Union Bank of Switzerland (UBS) and a family holding company. Between March 15 and 29, UBS will make a stock-market offer of SwFr 450 per share. The difference between the resulting purchase – some 20 per cent of share capital is presently owned by the public – and the 50 per cent Enserch stake will be made up by the family, which holds 45 per cent of the capital, and UBS, itself with a 25 per cent shareholding.

Mr Hans Georg Elsaesser, Losinger's general manager, said yesterday that an auditor's report had shown accumulated losses for VSL Corporation of about $32m to September 30, 1982.

The Losinger group would have completed 1982 with profits of SwFr 2.8m, except for the U.S. losses which have brought about a consolidated loss of SwFr 61m.

According to Mr Vinzenz Losinger, chairman, the international operations of the group – which last year accounted for about SwFr 410m of a combined turnover of SwFr 760m – had been jeopardised by the depletion of parent-company capital resources to only about SwFr 30m. A "strengthening of group potential" in the foreign sector, which was expected before the discovery of the U.S. losses, had therefore become essential, he said.

Co-operation between Losinger, which has a particularly strong position in pre-stressed concrete constructions, and Enserch's New York-based Ebasco subsidiary is seen as promising for the future. Ebasco is the engineering and construction division of Enserch and specialises in power-station projects.

Ebasco accounted last year for about 18 per cent of Enserch's group turnover of $3.78bn

Vendex International offers to lift interest in KBB to 40%

BY OUR AMSTERDAM CORRESPONDENT

VENDEX INTERNATIONAL, parent company of Vroom and Dreesman, the leading Dutch stores group, yesterday offered to increase its stake in KBB, its ailing rival, from 20 to 40 per cent.

The move, costed at Fl 41m ($15.54m) is the major element in a recovery package intended to restore KBB to profit by 1984.

Details of the package are expected today. Meanwhile, trading in KBB shares was suspended on the Amsterdam Stock Exchange.

In January KBB, which owns the prestige Bijenkorf department stores and the Hema bargain stores chain among other interests, came close to collapse, with debts of Fl 80m. Ambitious plans for expansion, both up-market and overseas, were shown to have been misconceived, and KBB's latest proposals are expected to reflect a determination to cut back substantially on subsidiaries and jobs.

The Vendex offer to increase its holding in KBB is not unexpected. Vroom and Dreesman is flourishing, and its management is highly regarded.

An injection of capital and ideas from such a source could only benefit KBB, and a consequent recovery could make the group in the long term an asset to Vroom and Dreesman.

Vendex said its offer had been made in respect of the KBB holdings of Kavee BV, a private venture which also owns a stake in KBB Bijenkorf.

KBB made a pretax loss of Fl 34m in 1981. A further Fl 21.4m was lost in the first six months of last year.

● Mr Rudolf Slavenburg, a director of the Dutch Slavenburg's Bank, is stepping down from his duties pending the results of a police inquiry into alleged financial irregularities affecting senior members of the bank's staff.

The decision followed a late-night meeting of the management board, the bank's highest governing body.

Slavenburg's Rotterdam headquarters and two other branches were raided by the Dutch fiscal police last month. The bank said yesterday that reorganisation measures were now being put into effect, with the help of Credit Lyonnais – holder of 78 per cent of Slavenburg's shares – and that the bank could now carry out business "in the best possible manner."

These measures have the support of the Netherlands Central Bank.

Kosmos profit kept afloat by ship sales

BY FAY GJESTER IN OSLO

KOSMOS, a leading Norwegian shipping group which also has oil and industrial interests, achieved a pre-tax profit of NKr 118m ($16.6m) last year with income totalling NKr 197m from ship sales and other extraordinary items. An unchanged dividend of NKr 20 per share is proposed.

The pre-tax result before extraordinary items was a loss of NKr 79m, compared with a profit in 1981 of NKr 50m, but "significantly better" results are expected this year according to ship owners Bjørn Bettum. Liquidity is good after the sale of 10 vessels during the past two years.

Kosmos' shipping and oil activities last year showed an operating loss after depreciation of NKr 46m, compared with an operating profit of NKr 19.2m in 1981. Gross freight earnings fell to NKr 633m, from NKr 767m.

The group lost considerable amounts on unprofitable charters from other owners, but now only one of the 17 vessels in the fleet under its management is chartered from outside interests.

Kosmos has a 50 per cent stake – $40m – in an accommodation platform, under construction at a French yard, for which no charter has yet been secured. It is due for delivery in September.

Venezuela to meet with EBC

By Alan Friedman in London

VENEZUELA'S state-owned Banco Industrial de Venezuela (BIV) has responded to a $30m lawsuit by the European Banking Company (EBC) with an offer to meet the bank in an effort to resolve the dispute.

EBC's Brussels arm filed a legal action in Caracas last month to recover $30m plus an additional $1.6m of interest and arrears on two separate 90-day advances made last September to BIV. The lawsuit comes at a sensitive time for Venezuela, which is now involved in negotiations on the rescheduling of $9bn of short-term debt.

Bankers involved in the EBC-BIV affair said yesterday they bad still received on repayments.

Prudential set to enter banking

By Our Financial Staff

PRUDENTIAL INSURANCE of America, the largest insurer in the U.S., has given notice that it may buy a bank or thrift institution to keep up with its financial services competitors.

Prudential also disclosed that it had written off $125m of loans to Braniff International, the Texas-based airline which filed for bankruptcy in May, and International Harvester, the troubled U.S. truck and farm equipment manufacturer. The Prudential also said two large Mexican industrial concerns were not paying interest on $82m of loans.

Prudential's disclosure that it is actively considering the purchase of a bank was made by Mr Robert A. Beck, chairman and chief executive. Responding to a question at a news conference, Mr Beck said a bank purchase was "a possibility" and that the Newark, New Jersey-based insurer has "no specific property in mind."

But its entry into banking could demolish the already crumbling walls separating banking and insurance. Prudential previously triggered a revolution in the securities industry by buying Bache Group, the broking and investment firm, for $385m in 1981, a move that quickly led to several takeovers of other securities firms by companies outside the industry.

Federal banking laws have been interpreted as barring a bank from owning an insurance company, and an insurer from owning a bank. But Mr Beck said: "Tentatively, we think this is an option available to us."

He indicated that Prudential would probably buy a small existing bank or thrift, rather than establishing a new one.

Mr Beck said that Prudential was interested only in offering banking services that can be marketed by its insurance agents and Bache

IBM offers more with the colour personal computer

BY LOUISE KEHOE N SAN FRANCISCO

IBM announced a new higher performance version of its personal computer yesterday and cut the price of its original model by about 15 per cent.

The new XT model uses the same basic components as the original personal computer but includes more data storage capacity, communications capability and an optional colour screen.

The basic price of the XT is $4,995. Demonstration models of the new computer reached U.S. computer stores last week. "This is an aggressively priced enhancement ot the personal computer," said market analyst Mr Bill Ablondi, of Future Computing.

IBM's price cut is widely seen as a reaction to the several "IBM-compatible" personal computers that have been introduced by Texas Instruments and nthers recently.

"Texas Instruments will have to drop its price now," predicted Mr Ablondi.

The IBM XT model includes 128 K of built-in memory – up from 18K on the original PC. A major enhancement is the inclusion in the basic price nf a 10-megabyte hard disk unit. The computer's diskette drive also offers expanded storage capacity of 360K bytes.

The XT bas a built-in communications adapter that allows the unit to exchange information with nther IBM personal and mainframe computers.

"The XT is designed fnr first-time and experienced users of personal computers," said Mr Philip D. Estridge, vice-president of IBM's system products divisinn.

IBM is currently estimated to hold a 15 per cent share of the total personal computer market, according to Future Computing, and is expected to gain 18 per cent of the market this year.

IBM is gradnally becoming a full-line personal computer supplier attacking all segments of the market.

The computer giant is expected to introduce a lower cost home computer priced below $2,000 later this year, as well as a higher performance machine costing around $10,000.

Penney to buy video communications system

BY OUR FINANCIAL STAFF

J. C. PENNEY, the second largest U.S. retailer, is moving into the area of video communications with the acquisition from First Bank System of Minneapolis of Videotext Systems.

Videotex provides two-way visual communication which could be used for bome banking, home shopping, electronic mail and electronic newspapers.

Penney plans to experiment with the system with the ultimate aim of establishing a joint venture with money centre banks or other financial institutions.

Among the operations to be transferred to Penney under the deal with First Bank System is the FirstHand Videotex Pilot Program, which the bank operates in some North Dakota farming communities. About 250 subscribers use the system to gain information about soil and weather conditions.

Initially, Peoney plans to add to this its own retail catalogue and similar marketing information from other retailers.

Penney is clearly keen to gain a foothold in an area where otbers bave already seen growth potential

Magnuson Computer files for Chapter 11

By Our New York Staff

MAGNUSON Computer Systems, once a high-flying Californian business computer group, plans to file for protection under Chapter 11 of the bankruptcy code.

Mr Charles Strauch, president, said on Monday that the group had been attempting to restructure itself out nf its own cash flow. "We were well on our way toward achieving this goal early last autumn, but IBM's October, 1982, pricing and product announcement had a very negative effect on the pricing nf our product line," he said.

Magnuson competes with IBM by selling so-called plug compatible computers that nperate like IBM machines but sell for less. Its present problems are the result of an ambitious plan to gear up production for o powerful new product line in the early 1980s.

The company's 1982 profits showed a loss of $21.8m oo revenues of $18.4m.

Bechtel to cut stake in bank

By Our New York Staff

THE BECHTEL family is to sell some of its shares in Dillon Read, the big Wall Street investment bank, to the firm's managers and as a result will no longer control a majority shareholding in the business. The family acquired a controlling interest in Dilloo Read in 1981, and in recent months there has been considerable speculation that the ties between the two were about to be loosened.

The Bechtel family, which also controls the large civil engineering and construction group, Bechtel Corp., owns its shares in Dillon Read through Sequoia Ventures, a family controlled business.

Hongkong Bank lifts full-year profit 11%

BY ROBERT COTTRELL IN HONG KONG

THE HONGKONG AND SHANGHAI Banking Corporatioo has announced net disclosed profits for 1982 of HK$2.36bn (U.S.$356m) an increase of 11.3 per cent over the HK$2.12bn recorded for 1981.

Prior year figures bave been adjusted to reflect the introduction of equity accounting. Net profits for 1981 were stated last year at HK$2bn.

Hongkong Bank, hoth the largest bank and the largest public company in the Territory, proposes a final dividend of 37 cents, making 55 cents for the year, an adjusted increase of 12.2 per cent. The bank also proposes a ooe-for-ten scrip issue. It expects et least to maintain the current year's dividend on the enlarged share capital.

The bank has already announced 1982 profits from two important subsidiaries, the Hang Seng Bank, which recorded a 20 per cent increase, and Wardley, its merchant arm, which showed an 18.4 per cent fall.

The group results are also thought to reflect strong performances by two other subsidiaries, the British Bank of the Middle East, and Anthooy Gibbs, whose return to profit in 1982 from a 1981 loss of £3m (U.S.$4.5m) was predicted in last year's group annual report.

The Hongkong Bank's domestic profits are thought to have been trimmed hy provisions in respect of certain local corporate loans. The bank is exposed to both Carrian and Eva, two troubled local property groups. The former is seeking debt rescheduling, while the quoted interests of the latter are now in liquidation.

- Two Hoog Kong banks, the Overseas Trust Bank and its quoted subsidiary the Hongkong Industrial and Commercial Bank (HICB), have announced lower interim profits and dividends for the six months to December 31 1982.

Overseas Trust Bank (OTB) reports profits after tax and minorities of HK$76.3m (US$11.5m) against HK$87.2m at the same point in 1981. The dividend has been cut from 14 cents to 12 cents, while earnings per share fell from 35 cents to 27.

Net profits after tax and minorities at HICB totalled HK$17.2m against a prior year interim result of HK$25.7m. Earnings per share fell from 30.18 cents to 20.25 cents, while the dividend is cut from 12 to 10 cents. HICB proposes a ooe-for-10 scrip issue, and says it will be issuing 8.5m new shares at HK$4.51 per share to Express Finance and Investment, which is also a subsidiary of Overseas Trust Bank.

- Hong Kong's Securities Commission has appointed inspectors to investigate the affairs of Eda, whose quoted arm, Eda Investments, was placed in liquidation by court order 11 days ago.

PIA ahead in first half

PAKISTAN INTERNATIONAL AIRLINES (PIA), the national flag carrier, bas posted an operating surplus up 11 per cent at 226.3m rupees ($17.7m) for the half-year to December 31, reports Mohammed Aftab from Islamabad.

Passenger revenues increased 11 per cent, on higher rates and an increase to 1.9m in numbers flown, compared with 1.6m in the corresponding six months in 1981. Freight income declined by 8 per cent, "because of the international recession."

RESULTS SHOW IMPACT OF POST-DATED CHEQUE CRISIS

Bahrain OBU's make big provisions

BY MARY FRINGS IN BAHRAIN

THE EFFECT of the Kuwaiti stock market crash on Bahrain's offshore companies is apparent in the first batch of annual reports to become available since the crisis broke in September 1982.

Two publicly-owned offshore investment companies bave had to make substantial provisions against their combined holding of $340m in post-dated cheques, and a third has virtually written off half the $63m cost of its investments in securities quoted on the collapsed Souq al Manakh exchange in Kuwait.

Auditors have generally followed the instructions issued in December hy the Kuwait Ministry of Commerce and Industry, relating to the minimum acceptable accounting treatment of post-dated cheque transactions by Kuwaiti companies. This means that cheques from so-called troubled debtors, whose names have appeared in Kuwait's official gazette, are reduced to the cash value of the stocks at tbe time of the transactions, while the maximum anoual rate of profit on transactions with other debtors is limited to either 25 per cent or half the agreed amount. Nevertheless they add the rider that it is impossible to determine accurately the provision against post-dated cheques which may ultimately become necessary.

Gulf Investment Company (GIC), whose 1979 share issue in Bahrain was the first to attract massive over-subscription (by a factor of 1,263), has made a provision of $54.6m against post-dated cheques amounting to $200m, of which $35.7m were "notes receivable from troubled debtors."

The company declared a profit for 1982 of $37.7m (excluding a $2.4m share in undistributed earnings of affiliated companies) compared with $50m in 1981. Despite an admittedly difficult cash flow situation, the directors have proposed a 5 per cent cash dividend to shareholders, amounting to $14.6m.

GIC bas a paid-np capital of $238m and total shareholders' equity of $380m. The results are consolidated with those of nine wholly-owned subsidiaries, formed mainly to look after its real estate interests in the U.S. Apart from its Gulf share dealings, GIC has investments in real estate valued at $150m, including 50 per cent of a 44-storey building in New York's Park Avenue harbour. It also bas $111m in five subsidiary and affiliated companies, including 48 per cent of Bahrain Light Industries, which is building a furniture factory. A further $61m is classified as trade investments, that is equities in which the company holds less than 20 per cent. Long-term loan liabilities total $37.6m and short-term borrowing and overdrafts $57m.

The $64m investment in the Park Avenue harbour was originally financed by a syndicated loan arranged by Kuwait Foreign Trading and Contracting Company, for which repayments were due in four quarterly instalments. The company met the first two, but when the collapse of the Souq al Manakh cut off the flow of liquidity, GIC was able to refinance tbe outstanding $32m plus interest with a five-year loan arranged by Mellon Bank.

The post-dated cheque position of Pearl Investment is less explicitly stated. This is partly because Pearl's involvement is through five investment portfolios whose net assets at December 31, 1982 were stated to be $304m, of which the company's share was $174m. The total assets of the portfolios were stated to be $319m including $233m in post-dated cheques. Provision of $54.9m was made against these cheques, of which Pearl's share was $32.6m, so by taking this provision as a percentage of the whole the company's holding of post-date cheques appears to be approximately $140m.

Pearl declared a 1982 profit of $34m against $35m in 1981, and bas proposed a 15 per cent cash dividend amounting to $22.5m. The balance sheet shows paid-up capital of $150m and total shareholders' equity of $182m. Apart from the investment portfolios, its other equity investments add up to some $40m, while short-term borrowing is shown as $17m.

Gulf Consolidated Company for Services and Industries is mainly an investment company since it hived off its service activities into a number of subsidiaries. It was established at the end of 1980 and showed a profit of $24.4m in 1981.

This fell in 1982 to $3m largely due to a provision of $30m against its investments in local securities and it proposes no dividend for 1982.

Although the company was holding $45m in post-dated cheques at the year end, it states that none were from troubled debtors and therefore, no provision was thought necessary. The company, which has a minority Filipino shareholding, bas fall-back capital of $149m and total equity of $162m.

Public Bank to double capital

BY WONG SULONG IN KUALA LUMPUR

PUBLIC BANK will become Malaysia's third largest bank after a capital restructuring exercise which will more than double its paid-up capital to 168m ringgit (U.S.$74m) from the present 70m ringgit.

The bank said yesterday it was proposing to capitalise on 42m ringgit from its share premium account and reserves, and to make a three-for-five scrip issue to be followed by a ooe-for-two rights issue.

The 56m shares under the rights issue would be priced at 2 ringgit, raisiog 112m for tbe expansion programme, whicb includes opening 10 new branches this year.

The two biggest Malaysian banks in terms of paid-up capital are Bank Bumiputra (476m ringgit) and Malayan Banking (180m ringgit) both of whicb are indirectly under government control. Public Bank is controlled by businessman, Dato Teh Hong Piow.

Until five years ago, Public Bank was a small listed bank, and even in 1980, its paid-np capital was only 20m ringgit. It bas expanded rapidly, and after-tax profits rose from 2.5m ringgit in 1977 to a record 18.4m ringgit for 1981.

A pre-tax profit of 56m ringgit is expected for 1982.

Japanese banks fight brokers' loan plans

THE Japanese Federation of Bankers Associations has filed a memorandum with the Finance Ministry opposing a stockbrokers' plan to issue loans to individuals secured on national bonds, reports Reuter from Tokyo.

Under the present Japanese system of dividing banking and securities businesses, stockbrokers should not be allowed to issue loans of a general nature to the public, the memorandum said. The federation suspects that securities firms are aiming to introduce integrated securities-deposit accounts or cash management accounts.

The Federation of Securities Dealers Associations is seeking the approval of the Finance Ministry for its plan to let securities firms issue loans secured on national bonds in the near future.

This is to counter a plan by Japanese banks to issue loans secured on national bonds when they start selling such bonds to the public from April 1.

Lower tax charge boosts DBS

BY GEORGIE LEE IN SINGAPORE

THE Development Bank of Singapore (DBS), has reported an increase of 13.8 per cent in group profit after tax and minority interest to S$128.3m (US$61.7m) for the year ended December 1982.

In 1981, the group reported a 62 per cent growth rate. But market observers considered DBS's performance last year satisfactory, given the recessionary conditions and the difficulties faced by banks in the international loans sector.

Group pre-tax profit was 5.6 per cent higher at S$198.6m. The tax charge declined by 7.5 per cent to S$69.9m.

The profits of the bank itself, however, were not as encouraging as the group figure. Pre-tax profit fell hy 5 per cent to S$163.9m.

This was partly due to a technical factor as one of the bank's major properties, Plaza Singapura, was transferred to a subsidiary resulting in rental income being reflected at the group level. Another reason is the heavier provisions for possible loan losses.

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INTL. COMPANIES & FINANCE

Stewart Fleming sets the scene for a final act

AEG settles with glum creditors

IN FRANKFURT'S Festhalle this morning the curtain will rise not on a rock concert or a congress, but on whet West German bankers fervently hope and pray will be the final act of e drama which has dragged painfully on for four yeers and more, the financial collapse of AEG-Telefunken.

It is exactly seven months since West Germany's second lergest electrical concern, a company with sales revenues of some DM 15bn ($6.3bn) in 1981, was finally forced to announce that it was no longer able to pay its bills and thet it was seeking protection from its creditors through composition proceedings *(Vergleich)*.

The final act of those proceedings, the approval by the domestic creditors of the composition, is the object of the meeting today. To the relief of the company and its bankers, however, the drama which it was once feared might surround this occasion has been defused. The court appointed administrator, Herr Wilhelm Schaaf, has already received written commitments which assure him that the restructuring of AEG's liabilities of DM 7bn when it collapsed, will be overwhelmingly approved. Herr Schaaf will however still have the task of monitoring the company for 18 months.

Thus, in an unprecedented act of indulgence, AEG's creditors (mostly German banks if the pension fund is excluded) will glumly agree to write off fully DM 1.8bn of the DM 3hn they ere owed. These same creditors heve already (in the wake of AEG's insolvency on August 9 last year) agreed to pump DM 1.1hn of new funds into the concern against the security of a prior claim in any winding np. Together with a matching DM 1.1bn of Government loan guarantees and DM 600m of Government export eredit guarantees, this brings the sum of new finance and loan write-offs to the princely total of DM 4.6bn. Rarely, it can be said with confidence, has a company which has disappointed so many for so long found itself on the receiving end of such riches.

In the past few weeks AEG's pnhlic relations machine has been grinding out incessant propaganda aimed et convincing both the taxpayer and the banker that he is contrihuting to a good cause, and that the immense efforts which have been undertaken to save the company from the scrap-yard have been worth while.

Thus the company disclosed at the end of February after a crucial meeting with its bankers, that only DM 890m of the DM 2.8bn of new credit lines have been drawn down and that DM 450m of this was merely to provide security against guarantees it granted in the course of its normal business.

It revealed too that sales had not collapsed last year as some had feared would bappen as e result of its ali too well publicised financial problems. Instead, on a comparable basis, allowing for the sale and closure of some of its operetions, turnover was up 1 per cent in 1982 et DM 13.9bn.

Heinz Dürr (left), the chairman of the board of management of AEG-Telefunken has faced the task of bringing the company through seven months of protection from its creditors through composition proceedings

It conceded that it would report an operating loss of DM 980m for 1982 and that in eddition its 1982 eccounts would bring in some DM 1bn of restructuring costs which are being incurred in the years 1982 and 1983. But these burdens will be covered by the somewhat inappropriately named "composition profit" *(Vergleichsgewinn)*—the DM 1.8bn the creditors have kissed goodbye.

For 1983 moreover, excluding the restructuring eosts of DM 1hn, AEG is predicting that it will break even. This recovery reflects in part the closure of loss-making operations, improved trading in some areas, and cost savings from, for example, a drastic rednction in its workforce—which is projected to be down to 85,000 by the end of this year compared with 123,700 et the end of 1981.

There is no doubt that in strict financial terms AEG's position has improved considerably. The cynic might say "So would mine with DM 2.8bn of new money." But bankers add that the company's cash flow is rather hetter than expected partly es a result of improved trading and the restructuring of its menegement of acconnts owed in some areas—for exemple, the consumer electronics division, Telefunken. On the other hand the so-called "composition profit" is smaller then originally expected as creditors have exploited what loopholes they could find to reduce their exposure to the composition.

"The liquidity will carry them some way into the future" was one benker's eomment earlier this week. "But," he added "the question is will the company become profitable? This is their last chance, the banks will not give them any more money. AEG has to prove that for the first time for yeers it can he managed profitably."

In its recent statements AEG has been trying to convince sueh sceptics on this score too. It has reported thet its industrial, marine, and special systems divisions prodnced profits in 1982; that its communications sector echieved good results; that the household appliance division prodnced better figures than expected, albeit losses; and that the losses in the consumer electronics division (Telefunken), which had hit DM 200m on sales of around DM 1hn in 1981, were coming primarily from overseas operations which are being closed down. At home Telefunken has sharply increased its share in the colour television market, from 6 per cent to 10 per cent, for example.

Olympia, its office equipment division which lost DM 113m on sales of DM 1hn in 1981 suffered higher losses in 1982, AEG said, hut claimed these were mainly due to high currency losses in relation to its Mexico operation. AEG now owns only 51 per cent of Olympia and, as with Telefunken, is no longer committed to absorbing any losses the company makes.

AEG can scarcely be unaware, however, of the huge credibility gap it has to bridge after its years of misplaced optimism and missed profits forecasts. It is seriously doubted in some quarters that the company can in one year eliminate its operating loss of DM 980m. Criticism is focused on apparent contradictions in its statements.

Last year, AEG was so desperate to dispose of Telefunkeo that it tempted Grundig into the role of "white knight." But Grundig has withdrawn its offer to take control of Telefunken with banking support. There are serious doubts as to whether the company is big enough or bas a strong enough position in the growth market of video tepe recorders through its one-third stake in e joint venture in Berlio, to survive as an independent company as AEG says it can. The same can be said of Olympia which is just trying to break into the electronics-based office equipment market. On top of these question marks is the fact that the hulk of its profitable telecommunications business has now been acquired by Robert Bosch as a result of the composition proceedings.

The approval of the composition will undoubtedly give AEG's customers and suppliers e boost of confidence in the company. Moreover it could well be that the next stage of its rehabilitation will take place in a period of economic upturn and reletively low interest rates. But the financial turnround brought about by the composition has not transformed overnight a management which has performed badly for years. Even with the immense financial resources that have been pumped into AEG in the past few months it would be a brave man who would predict with confidence that the company has finally turned the corner.

UK COMPANY NEWS

Ferguson launches £5m rights

By Dominic Lawson

FERGUSON INDUSTRIAL Holdings, the Cumbria based conglomerate, has asked its shareholders for almost £5m. ICFC announced yesterday that sub underwriting is in progress for a rights issue by FIH to raise about £4.78m net. The issue is at a price of 95p per share and on a one for four basis.

FIH's businesses are in six principal areas: building supplies, printing and packaging, engineering, civil engineering and contracting, giftware and ship repairing.

In giving its reasons for the rights issue the company said that it wanted to make sure that it is well placed to benefit from any upturn in business activity and for that purpose has made and will continue to make substantial capital expenditure, especially in its printing and packaging division.

As mentioned in the last report and accounts, FIH is considering acquistions in the building supplies and the printing and packaging division. Mr Michael Saint, the finance director of FIH, said yesterday "We have been an acquisitive company over the last ten years, and we hope to be acquisitive for the next ten years."

For the nine months to November 30 FIH made pre-tax profit of £2.89m. The directors now estimate that profit before tax for the year ended February 28 1983 is not less than £3.7m. In the previous year the company made £3.42m.

RESULTS IN BRIEF

■ **MOUNT CHARLOTTE INVESTMENTS**
Hotel and catering group

Year to Dec 31	1982	1981
	£	£
Sales	15.73m	12.73m
Pre-tax profit	1.21m	714,000
Tax	143,000	97,000
Attributable profit	–	–
Earnings per share	2.96p	1.88p
Dividend	0.89p	0.77p

■ **F and C Euro Trust**
Investment Trust

Half year Dec 31	1982	1981
	£	£
Pre-tax revenue	3,500	96,000
Tax	3,500	43,000
Dividend	0.09p	0.71p
NAV per share	76.6p	64.2p

■ **The Law Debenture Corporation**
Investment Trust

Year to Dec 31	1982	1981
	£	£
Pre-tax revenue	2.02m	1.64m
Tax	903,173	832,831
Dividend	4.5p	4p
NAV per share	121.1p	93.8p

SUPPORT CLAIMED FOR REUTERS LISTING

Fleet anticipates better trading

BY OUR FINANCIAL STAFF

FLEET HOLDINGS, holding company for the Daily and Sunday Express and the Star, yesterday claimed growing support for its proposal that Reuters, the international news agency, should seek a London Stock Exchange listing.

"There are indications from others who have an interest in Reuters that they would be interested in further discussions if we could generate an attractive scheme which at the same time protected Reuters' independence," said Mr Ian Irvine, managing director at Fleet.

"But we are at the beginning of a very long road. You won't see Reuters on the Stock Exchange in the next six months."

Reuters is owned by the Newspaper Publishers Association representing the Fleet Street daily and Sunday newspapers, the Press Association news agency and the Australian and New Zealand press.

Reuters itself continues to reject the idea, said Mr Irvine.

"If it wants to compete internationally it is going to have to establish a much broader base for raising finance," be added. The suggestion that Reuters should go public emerged last year when it paid its first dividend since 1941 after announcing a fourfold rise in profits.

For the six months ended December 31, 1982, Fleet Holdings, publisher of newspapers and magazines, returned profits of £2.47m at the pre-tax level from turnover of £142.91m.

No results are shown for the corresponding balf of the previous year as the group's subsidiaries were demerged by Trafalgar House with effect from October 1, 1981.

However, profits from the demerger date to June 30, 1982 totalled £2.93m and turnover £217.79m.

In his interim report Lord Matthews, the chairman, points out that despite a continuation of the difficulties he referred to in a statement last year, the group improved its results in what is normally its most difficult trading period.

Subject to unforeseen circumstances, Lord Matthews expects a further improvement in the second six months.

Meanwhile, an interim dividend of 0.75p net per 20p share is being paid For the preceding nine months a payment of 1p was made.

Cost of sales for the first balf amounted to £93.99m (£142.93m for nine months), distribution costs totalled £22.48m (£37.29m), and administration expenses took £23.13m (£35.15m).

At Express Newspapers, turnover totalled £115m and operating profits emerged at £1.1m. It is pointed out that although this compared favourably with the loss incurred in the nine months to end-June 1982, it was still a low return on a business generating a large sales volume.

The rail strike early in the financial year cost the group nearly £500,000, and two days of stoppage by electricians in London in support of the health service workers almost £150,000.

The group's national newspaper titles held their advertising market share. Much effort is being devoted to cost economies, and some progress has been made on labour and newsprint costs.

South Wales Argus and Express Newspapers Western continued to make a useful profit contribution.

Turnover at Morgan-Grampian, acquired with Express Newspapers in February 1982, from Trafalgar House amounted to £27m for the six months, and at the operating level profits emerged at £1.8m, an improvement on tha same period in the previous year. Its magazine titles cover a wide range of industries.

In the U.S., the magazines suffered from reduced advertising volume and the weakening of the pound against the dollar. Farming News, launched in January this year, has been "well received" and should make a "significant" contribution to profits over the years ahead.

Group taxable profits for the six months included income from shares in related companies of £67,000 (£21,000), income from other fixed asset investments £21,000 (£312,000) and other interest receivable and similar income £43,000 (£2.44m). Deductions included £600,000 (nil) for interest payable on the 8 per cent convertible unsecured loan stock 1997 and £373,000 (£2.25m) for other interest payable and similar charges.

Tax took £63,000 (£182,000) and extraordinary debits £205,000 (£306,000), which relate to closure or reorganisation costs.

Available profits came through et £2.21m (£2.44m), from which dividend payments absorb £452,000 (£602,000).

Stated earnings per share amounted to 4p (4.57p) before extraordinary items and 3.86p (4.06p) after such items.

Lord Matthews says the trading environment in the first six months was as difficult as forecasted last year. He adds that the recession deepened and in newspapers competition in a shrinking market was unabated. The magazine market was no less competitive.

The results included the three seasonally weak trading months of July, August and December, and, in spite of this, Lord Matthews describes the results as "encouraging."

Second-half boost for Provident Financial

By Our Financial Staff

A LIFT in second half pre-tax profits from £6.91m to £7.62m has left Provident Financial Group just ahead at £10.29m for 1982, compared with a £10.1m in 1981.

The dividend is increased from 7.5p to 8p net per 25p share with a final distribution of 5.58p.

Turnover of the company, which provides personal loans and credit facilities, was down at £296.04m, against £305.3m, deferred revenue was unchanged at £52.4m, and amounts due from customers totalled £261.18m, compared with £260.56m. The pre-tax figure was after interest charges of £18.68m (£18.23m).

At the interim stage, when taxable profits were behind at £2.67m (£3.17m), the directors said reductions in interest rates since the balf-year end would assist in what was otherwise likely to be a difficult second half – interest charge after six months was £9.86m (£7.96m).

Tax for 1982 took £5.59m against £5.35m, and after an extraordinary debit of £1.06m (nil) the attributable balance was down from £4.74m to £3.64m.

Briton to run Seddon

By John Griffiths

A BRITISH managing director has been appointed to run Seddon Atkinson, the UK heavy truck maker which has been put up for sale by its U.S. parent, International Harvester.

The move is seen as helping further to create a separate identity for Seddon, which has had American managing directors since 1976.

At the same time, the company indicated that its 1,000-strong work force – down from 1,800 two years ago – is facing further cutbacks as the result of the truck market recession and pressure from importers.

The new managing director is Mr Gerry Woodhead, who has been Seddon Atkinson's finance director since 1980. He replaces Mr Bob Johnson, who is returning to IH headquarters in Chicago.

Fillip for electronic components

By James McDonald

BRITISH distribution companies will continue to take a higher share of sales of electronic components to the electronics industry. The growth of computer systems sales through distributors is also opening up a major new market for the industry, although at lower profit margins, according to a survey by Phillips & Drew, stockbrokers.

"Underlying trading conditions in the UK electronics industry are still strong and research and development is at a high level", says the survey, which considers the prospects in 1983 of four major component distributors – Electrocomponents, Farnell, Diploma and Unitech.

"We believe the industry is now well placed to achieve a period of sustained volume growth. Profits of leading distributors should grow well in excess of average industry rates."

The survey says that small electronic manufacturing companies which are wholly dependent on distributors are particularly buoyant.

In a survey of longer term trends, the stockbrokers say that sales and profits of the leading distributors seem likely to grow at rates well in excess of the average industry rate over the next three to five years.

Price of high quality optical fibre 'to fall 50% by 1985'

BY RAYMOND SNODDY

THE PRICE of high quality optical fibres will fall by more than balf in the next two or three years, according to Dr Steven Cundy, managing director of GEC Optical Fibres.

Fibre optics involve very pure glass fibres as thin as a human hair which carry telecommunications in the form of light impulses from a laser and can bave a capacity 1,000 times greater than copper cable.

Dr Cundy told a teach-in organised by the Department of Industry that volume was not the most vital aspect in fibre optics manfacture.

The key to costings was the time taken to make the glass and the time taken to pull a kilometre of fibre from a block of very pure glass.

The cost of high quality graded index fibre at the moment was about £350–£380 a kilometre. Dr Cundy predicted the cost of a km would be down to £150 by 1985–6.

"By the end of the decade we are talking about £100 a km," Dr Cundy said.

He warned, however, that even £100 a km might not be low enough. "It might take £20–£30 to get fibre into the home with every telephone," he said.

British Telecom, which has virtually created the commercial market for the technology in Britain, is pessimistic about the immediate prospects for the use of fibre optics in the local telephone network.

Cope Allman rejects Dowable bid

BY DAVID DODWELL

THE BOARD of Cope Allman International, the engineering, packaging and leisure group headed by Mr Louis Manson, was set yesterday to contest a £23.7m bid for the company from the Dowable consortium.

Dowable is a private limited company set up in July last year with the Cope Allman bid in mind. It comprises three main groups – British Car Auctions, the Hawley Group and Lin Pac.

News of the formal bid comes as no surprise to Cope Allman. Mr David Wickins, chairman of British Car Auctions, and informally-appointed spokesman for the consortium, first approached Mr Manson in October last year.

The terms of the bid are 60p for every Cope Allman share. This price was foreshadowed last week when Mr Wickins, on behalf of the consortium, bought 1m Cope Allman shares and revealed his intention to make a formal bid at 60p. Cope Allman's shares closed unchanged on the day at 58p.

At the time of the bid the Dowable consortium owned 14.93 per cent of Cope Allman's shares.

In its official rejection Cope Allman said: "This offer is unsolicited and unwelcome and in the opinion of the board does not take into account of the asset backing or the prospects for Cope Allman.

"In addition, despite requests to do so, Dowable has declined to supply the board with any indication as to its intentions with respect to the future of Cope Allman, its subsidiaries or its employees."

Dowable comprises three principle groups. Mr Wickins, as Chairman of British Car Auctions and of Attwoods, the waste disposal and industrial aggregate company, accounts for 24.3 per cent of its capital.

LONDON RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
140	F.P.	—	149	132	✠Airship Inds.	188xr	—	—	—	—	—
112	F.P.	16 3	147	129	Assoc. British Ports	146	−1	b7.0	1.9	7.3	13.0
¶100	F.P.	22 4	105	100	Br. Kidney Pat. As.	105	.....	—	—	—	—
§74	F.P.	21/1	158	103	✠Canwermoor	135	+2	b3.64	2.0	3.2	15.3
‡	F.P.	—	220	206	✠Grainger Trust	210	−5	u3.8	2.5	2.6	18.1
§38	F.P.	8 4	116	89	✠HB Elect Comps 10p	95	+2	u1.12	3.2	1.7	21.3
§190	F.P.	4 3	388	305	✠Microgen	350	+15	b4.0	2.9	1.6	28.0
§155	F.P.	7/1	256	198	✠Munford & White	230	+5	b2.6	2.4	1.6	34.4
§93	F.P.	4 2	198	145	✠Resource Tech. 10p	158	.....	—	—	—	38.4
‡‡	F.P.	—	110	83	✠Sinclair Wm.	86	.....	‡4.25	1.0	7.1	18.8
..	F.P.	—	105	6	Do. Defd.	77	+2	—	—	—	—
175	F.P.	25 3	305	253	Superdrug Stores 10p	251	−2	bd3.5	2.4	1.2	18.8
120	F.P.	—	125	100	✠Swindon Priv Hos £1	103	.....	—	—	—	—
§10	F.P.	11 3	29	22	✠Tele.Services Int 10p	25	+1	b0.2	3.5	1.1	18.2
§72	F.P.	30 3	107	88	✠Utd. Packaging 10p	101	.....	b2.5	3.2	3.5	10.7
§150	F.P.	16 2	340	265	✠WightCollinsR S10p	280	.....	bd2.25	3.3	1.4	31.8
—	F.P.	3 3	35	20	Yorks & Lancs. W'rrnts	20	.....	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982/3 High	1982/3 Low	Stock	Closing price £	+ or −
87.504	F.P.	4·3	102	88¼	BOC 12¼% Uns. Ln. 2012-17	94¼xd	−¼
99.431	£20	10.4	21⅛	18	Birmingham 11½% Red. 2012	18⅛	⅛
**	F.P.	—	224p	190p	Electro Protective 7% Cnv. Prf.	188p	
7.185	£25	..	25½	24¼	Hambros Inv. 6-17% Stpd. Deb. 2013	25	½
"	F.P.	26·7	100½	100	Mid Sussex Water 7% Red. Pref. '88-90	100¼	.....
—	—	—	100¼	99	Nationwide Bdg. Soc. 11⅛% Bds. 23/1/84	100¼	.....
—	—	..	100½	100	Do. 11¾% Bds. 15/2/84	100⅜	.....
¶87.174	£25	6 5	28	22	Pearson (S) 13% Uns. Ln. 2007	27¾	½
96.55	£25	8.7	60¼	23½	Sweden 13½% Ln. Stk. 2010	26⅝	½

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982/3 High	1982/3 Low	Stock	Closing price	+ or −
250	F.P.	25 2	28/4	330	273	AGB Research 10p	330	+8
140	Nil	—	—	12½pm	7pm	✠Airship Inds.	7pm	2
280	Nil	—	—	94pm	65pm	Applied Computer	90pm	+5
3½	Nil	4/6	28/3	18pm	9pm	Audiotronic 3½p	18pm	+1½
50	F.P.	8/2	8.3	55	45	Cluff Oil 'B'	45	.....
76	F.P.	7/6	15·6	105	85	Dominion Int. 20p	96	.....
165	Nil	11.3	10·6	20pm	8pm	Goers Gross 10p	10pm	2
90	F.P.	21·2	7.4	150	130	Grosvenor Group	155	.....
60	F.P.	14/1	11/3	81	65	ICL	81	+4
46	F.P.	14.2	11.6	61	51	LCP	51	.....
140	Nil	—	—	54pm	40pm	Magnet & Southerns	46pm	.....
25	Nil	—	—	4pm	6pm	Mettoy	6pm	.....
27	F.P.	21 7	7·4	35½	32	Mount Charlotte 10p	35	−½
A$1.50	Nil	—	—	57pm	44pm	North. B. Hill 50c	58pm	2
95	F.P.	7·2	21/3	122	106	NSS News 10p	118	2
50cts	Nil	11/3	—	3½pm	¼pm	Rand Lon. Corp. 15cts	¼pm	⅛
58	F.P.	3·2	28/4	72	51	Stakis 10p	72	+1
400	F.P.	4·3	22·4	490½	428	Ultramar	448	2
21	Nil	—	—	61pm	26pm	Valor	30pm	1

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *o* Forecast dividend; cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. ⊓ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✦ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under special rule.

UK COMPANY NEWS

Bairstow Eves above forecast at £1.2m

RESIDENTIAL estate agency, Bairstow Eves, which came to the market last year, has exceeded its profit forecast of £1m for 1982 and is confident that the current 12 months will show a substantial increase in profitability.

Compared with £697,000 for the previous year the taxable surplus amounted to £1.22m for the period ended December 31 last.

Profits at six months were £421,310 and directors predicted substantially higher earnings for the second half.

After tax of £481,000, against £346,000, earnings per 5p share are shown as 6.3p (4.5p) and, as forecast in last May's prospectus, the dividend is 0.92p net for the seven months from May, with a final distribution of 0.7p.

Also proposed is a three for four scrip issue and directors intend to maintain the annual rate of dividend (1.31p) on the increased capital, thereby effectively increasing the annual payment for 1983 by 75 per cent.

Turnover for 1982 advanced from £4.68m to £5.72m and after the tax charge the attributable balance was £735,000 (£351,000) of which dividends will absorb £136,000 (nil).

During 1982, 11 new residential sales offices were opened and since December 31 last a further five have been added; the number of group offices is now 46. The additional offices did not contribute to group profits, but the directors expect them to do so in the current year, and more fully from 1984.

Bairstow completed sales of 8,150 homes, with a total value of £250m.

In the current year the level of sales negotiations indicates that the group is continuing to improve its share of the residential market, and directors intend to continue the expansion by opening new offices and, where appropriate, by acquiring others.

Directors are to recommend the introduction of a savings related share option scheme and an executive share option scheme.

● comment

Despite an unexciting year for house prices, Bairstow Eves, Britain's only publicly quoted estate agent, ended 1982 with record profits. It was helped by its strategy of seeking a high volume of sales at the middle and lower end of the market and a centralised administration which reduces overheads. Clearly, much of its planning depends on whether the forthcoming budget helps house-buyers. The group's policy is to concentrate acquisitions by region to achieve greater local penetration. It has already added to the 11 offices it acquired in 1982 and plans more, with a possible emphasis on up-market rural business. Analysts forecast a 30 per cent increase in current year profits to £1.75m on the back of expected market growth. The price rose 11p to 112p yesterday, giving a p/e of 28, yielding 2 per cent.

Dominion Intl.

Dominion International's rights issue to raise £6m net has met with applications totalling almost 95 per cent of the issue. The issue of 8,504,179 shares has been taken up as to 8,054,017 shares.

The balance has been sold in the market at a net premium of 18.55p per share and the proceeds will be distributed to entitled shareholders.

British Vita falls but holds payout

PRE-TAX profits of British Vita, manufacturer of polymeric products, declined to £7.38m for 1982, a shortfall of £587,000 on the figures for the previous year.

The UK and Europe contribution dropped by £868,000 to £1.56m, but the international side showed an improvement from £5.54m to £5.82m.

The group surplus was struck after taking account of adverse effects at the end of the year of devaluations in Zambia, Zimbabwe and Kenya amounting to £600,000 and writing off some £400,000 of UK bad debts, most of which were suffered in the earlier part of the year.

Profitability in the UK and Europe was severely hit by low levels of demand and pressure on margins. However, due mainly to a strengthening of consumer demand in the autumn, especially in the furniture and bedding industries, UK and European profits increased from £268,000 in the first half to £1.3m in the second six months.

Despite a 2.5p contraction in earnings per 25p share to 14p the dividend for 1982 is being maintained at 5.4p net by a same-again final of 2.7p.

Group external turnover rose from £91.87m to £97.8m with both the UK and Europe showing higher returns. Global sales, including that of the associates, exceeded £200m for the first time.

Taxable profits included a slightly higher share from the associates at £3.45m (£3.39m) and were after interest charges much the same at £1.13m (£1.06m).

Tax took £3.51m, compared with £3.47m previously, and after minorities, and extraordinary debits of £501,000 (£596,000), including the costs of further rationalisation in operating units, involving closure and asset transfer, attributable profits emerged at £3.27m, against £3.81m.

The group ended the year in a sound financial position with plans for expansion under active consideration. Overseas expansion will be financed in the main by locally retained earnings.

The directors say that an improvement in consumer demand such as occurred in the last quarter of 1982 would, if sustained, provide conditions in which the group should increase markedly its UK earnings, but add that "whether the upturn continues is largely dependent on the effect of the Budget on the economy."

The European companies are expected to continue to establish larger markets for their products.

Internationally, British Vita will seek to continue its progress by improving and adding to its manufacturing facilities and by the introduction of new products. Opportunities for overseas fibre and fabric processing operations are opening up and these will be based on technology and manufacturing know-how provided from the UK and European activities.

At December 31 1982 assets per share totalled 152p (146p) and average capital employed amounted to £47.8m (£45.4m). The return on capital employed is shown as 18 per cent (20 per cent).

Current cost accounting reduces group pre-tax profits to £5.09m (£5.69m) and earnings per share to 5.8p (8.1p).

The group is principally concerned with the manufacture of cellular foams, synthetic fibre fillings, processed fabrics, rubber and plastic compounds, precision rubber mouldings, adhesives and a range of consumer products.

● comment

Geographical spread gives British Vita a resilience that has been well demonstrated over the last three years as recession has hit UK activities. Recovery at home reflects a second half pick up in demand permitting some much needed price increases on foam products. Bad debts, a fact of life in the furniture industry, have also shown dramatic improvements: £50,000 in second half, against £350,000 in first. But a key feature of the last few years has been diversification into textiles and marketing products, which is to continue. Good performance overseas is in part attributable to the advantage of many joint ventures with indigenous companies which submit to strict financial controls. Resilience puts some restraint on growth in good times. Even so current good demand at home, benefits from earlier slimming, further success in winning market share, low gearing of 18 per cent, and more increases overseas with weaker sterling offsetting devaluations in Africa, should put the group on course for well over £8m pre-tax next time around. Better UK profits would also ease the problem of ACT which cannot be offset against foreign taxes, and thus had become a deterrent to dividend growth and investment. Yesterday shares rose 7p to 164p for a yield of 4.8 per cent.

S. W. Farmer in profit at £914,000

Despite a decline in second half profits at S. W. Farmer from £739,000 to £457,000, the full year result improved from previous losses of £34,000 to a surplus of £914,000 for 1982.

The final dividend of this maker of structural steelwork and platework is being lifted from 6.1p to 6.65p net, which raises the total from 9.169p to 9.75p.

Current trading conditions remain difficult says Mr B. D. Farmer, chairman, but he has noticed a slight improvement that could come through in the coming months.

He regards the pre-tax profits as "very encouraging" in poor trading conditions and has no doubt that in an improved economic climate better things could be achieved. The company's financial base has remained very strong and a healthy cash position was maintained during the year.

Turnover moved ahead by 15 per cent from £21.38m to £24.7m and exports increased from £12.1m to £12.3m.

Operating costs moved up from £21.42m to £23.79m, and pre-tax profits were struck after associate profits of £7,000 (£1,000).

The tax charge amounted to £363,000 compared with a previous credit of £593,000 which included a deferred credit of £557,000. After extraordinary credits this time of £4,000 attributable profits emerged marginally lower at £555,000 compared with £559,000.

Earnings per 25p share were given as 21.82p (nil) on the basis of a normal tax charge, and as 21.97p (22.14p) after the release of stock relief last time and extraordinary credits this time.

Dividends absorbed £246,000 (£222,000) which left retained profits lower at £309,000 (£337,000).

Oriflame beats flotation target

THE flotation pre-tax profit forecast of US$6.75m by Oriflame International has been exceeded despite adverse currency effects, says Mr Jonas af Jochnick, the chairman of this Luxembourg-based cosmetics company.

Mr Jochnick says the company grew throughout 1982 and pre-tax profits came out at $6.93m (£4.59m) against $5.78m (£3.83m). He says the growth is best illustrated by comparing with sales in 1981 its sales in 1982 adjusted onto 1981's exchange rates, thereby reflecting the underlying growth of sales in local currencies. On this basis, group sales grew by 18 per cent.

The actual sales figure was $38.4m against $38.36m and operating income improved from $6.62m to $6.75m. Selling and administration expenses came to $20.34m ($20.59m). Other income and expenses totalled $373,000 against losses of $738,000. Associates losses rose from $98,000 to $200,000.

After tax of $779,000 ($852,000) net profits were up from $4.93m to $6.15m, giving earnings per share of $1.19 against a forecast of $1.16.

Mr Jochnik says the company's gross profit margin for the year remained high at 70.5 per cent (70.9 per cent), reflecting its continued success in maintaining tight cost control throughout the product division.

Selling and administrative expenses decreased as a proportion of sales during the year and amounted to 52.9 per cent (53.7 per cent). Major gains were made in the areas of cash management and foreign exchange. With high interest rates prevailing, it was unable to make the maximum use of both its existing cash and the proceeds from the flotation.

Despite uncertainties in the foreign exchange market and the adverse effect of the Swedish and Finnish devaluations, he says the company was able to mitigate these effects by structuring its exposures to the different currencies in which it traded.

The loss from associated companies increased substantially as the company has taken its share of a full year's trading for Oriflame Corporation in the U.S., reflecting start-up costs and restructuring within that company, he says.

A final dividend of 30 cents, as forecast at the time of the flotation, is being paid for a total of 50 cents (21 cents).

Commenting on the group's four autonomous divisions, Mr Jochnick says the Scandinavian sales division made up 42.9 per cent of group sales. The sales in Sweden and Finland were "very encouraging," with growth of 32 per cent and 14 per cent respectively, in local currency, although the impact of this increase was reduced by the devaluations.

The direct sales division, which comprises the established markets where the Oriflame home demonstration concept is used, contributed 50.3 per cent of group sales. He says France and Spain continued to develop in line with its plans, registering growth of 71 and 85 per cent respectively. He feels there is a large potential for future growth.

In the UK, sales grew by 8.9 per cent, reflecting the difficult trading conditions there. Although he feels that the direct sales concept is relatively unaffected by economic recession, the current reluctance to spend on luxuries has had some effect.

The new markets division was active and during the year it converted the product line of Oriflame Corporation in the U.S. It has now commenced operations, selling its European line of products in three parts of the U.S.—Boston, Los Angeles and Atlanta.

He says the outlook for Oriflame remains good, and he sees ample room for expansion in the future, particularly as it is still a relatively small operator in most of its markets.

● comment

Based in Sweden, listed in England, registered in Luxembourg, manufactures out of Dublin and reporting in U.S. dollars. No, it's not a shaggy dog story, but the aptly named Oriflame International. Yesterday the company jumped through the credibility hoop in beating its profits forecast made at the time of last year's offer for sale. Owing to the mighty dollar the company managed to beat its earnings per share forecast by only a tiny 3 cents per share, but in feeble old sterling the forecast was beaten by 20 per cent. Feeble might be too harsh a word for UK performance, but it has clearly been a disappointment, with too high turnover in sales force, and a 5 per cent fall in average attendance at sales parties. However Oriflame must take plaudits in achieving a startling turnaround in its Swedish mail order business. Lagonda, moving from a Kr 2½m loss to a Kr ½m profit. Most investment interest should probably be based on a view of the long-term prospects of the move into the U.S. The company clearly does not expect a significant contribution much before 1985-86, and it will be interesting to see whether it succeeds while sticking so resolutely to a non-advertising approach. Yesterday the thinly traded shares gained 25p to reach an all time high of 865p, where the fully taxed PE on current dollar sterling rate is over 20. However, helped by its Luxembourg registration and a Dublin tax holiday for exports, the actual tax charge is little more than 11 per cent. The shares are crying out for a scrip issue, but apparently this is not feasible under Luxembourg law.

Refuge Assurance earnings up 15%

By Our Financial Staff

REFUGE Assurance reports a good year for its general insurance operations in 1982 with a near 15 per cent jump in net profits after tax from £3.81m to £4.14m. The total dividend for 1982 is lifted by 15.5 per cent from £14.5p to 16.75p with a final payment of 11.75p.

The company's large Industrial branch lifted its contribution to profit and loss by 18 per cent from £1.95m to £2.3m, while the payment from the ordinary branch rose by a similar proportion from £1.38m to £1.62m. The general branch profit contribution was unchanged at £50,000. The linked-life subsidiary company, Refuge Investments, incurred a loss of £89,000 against a loss of £56,000 in the previous year.

Premium income growth in the life branches last year fell just short of 7 per cent – the growth recorded in the previous year. Premium income in the Industrial branch advanced from £52.1m to £55.8m, and in the Ordinary branch from £23.5m to £25m. Premium income on the linked-life operations declined, however, from £2.04m to £1.42m. Premium income in the Fire and Accident branch also dropped last year from £10.18m to £9.3m.

Swedish bank creates London subsidiary

By Our Stockholm Correspondent

SVENSKA Handelsbanken (SHB), one of the biggest Swedish commercial banks, is to take over the London branch of its Luxemburg subsidiary and create a new wholly-owned subsidiary, Svenska International (SI).

SI, with a nominal share capital of £24m ($36.4m), will take over SHB's 25 per cent interest in the four-member Nordic Bank consortium, and is seeking a licence under the Banking Act in the UK.

Mr Jan Ekman, SHB president, said his company had been seeking to expand operations at the London SI subsidiary, and that consolidation into the parent company emerged as a suggestion in discussions with UK banking authorities.

SI has been active on the international markets since starting branch office operations last November. SHB says it plans to expand activities to include foreign exchange, money markets and credit, and trade financing.

BIDS AND DEALS

Inchcape in A$16m sale to Bunnings

Inchcape, the international trading, shipping and insurance broking group, has sold its West Australian sawmilling and building materials supply subsidiary Millars (W.A.) Pty to **Bunnings** for A$16m (£8.1m).

Bunnings, a publicly-quoted Australian company which is also in the timber business, will make two equal payments of A$8m each on April 5 1983 and 1984.

The sale was carried out by Macdonald Hamilton and Company, Inchcape's principal Australian subsidiary. The price was based on Millars' net asset value.

Inchcape reviewed prospects for population growth and the outlook for the timber industry in Australia and concluded the growth rates of recent years could not be maintained, said Mr Peter Lumsden, director.

Millers was a profitable company, he added. It employs about 1,500 people.

Inchcape's timber and building interests in eastern Australia, which trade as Millars Pty, are managed separately and are not involved in the deal.

A. CAIRD & SONS

A Caird & Sons a Scottish retailer has subscribed £250,000 in cash to acquire 80 per cent of Barontree, a company formed to acquire the business of Traveller Distribution, a distributor to the fast food and restricted menu catering market.

UDS says accept offer despite reduced income

BY RAY MAUGHAN

SHAREHOLDERS in UDS Group, the multiple stores chain, would face a fall in income this year if they accept the £236m equity offer from Hanson Trust.

Hanson, the industrial holding company, intends to lift its distribution this year by at least a *fifth to 4.8p per share* which is the equivalent to 3p per UDS share. UDS, however, has already declared its intention to *recommend a final dividend* of 3p per share in respect of the year to January 29 to bring its total to 4.6p per share.

Notwithstanding this diminution of income, UDS recommends acceptances. In a letter to shareholders accompanying the formal offer document from Hanson, Sir Robert Clark, UDS chairman, says that shareholders "are offered an investment in a company which has a very good record and the offer is at a price which we believe is fair and reasonable."

Hanson is offering five of its own shares for every eight UDS shares which, taking Hanson at 198p, up 3p yesterday, values UDS at 123½ per share. Despite persistent market rumours of another bid for UDS at 130p in cash per share, UDS shares dropped 1p yesterday to 122p.

Turning to the 114p cash bid from Bassishaw Investments, the consortium comprising Mr Gerald Ronson's privately owned Heron Corporation and a number of institutions, Sir Robert tells UDS shareholders that the revised bid "offers no opportunity for UDS *stock*holders to benefit from the future success of UDS and its various businesses and may involve stockholders in a liability to taxation of capital gains."

On the other hand, UDS attaches "great importance to the *fact* that UDS stockholders will own about a quarter of the enlarged Hanson Trust and will therefore retain a continuing interest *in* our operations, both in terms of earnings potential and of asset backing."

There is no pro-forma balance sheet for the enlarged group but UDS, incorporating a directors' property revaluation surplus, is backed by assets of £398.6m, or 209p per share, while Hanson's net worth is shown at £188.5m.

The directors' property revaluation shows that the properties conditionally agreed to be sold to Burton Group for £78m have a *book* value of £112.9m against a book figure of £80.5m. It is also understood that net current assets Burton had agreed to acquire in the John Collier and Richard Shops chains was worth between £10m and £11m.

As to the proposed deal with Burton, Hanson says that while it is "well aware of the potential advantages to UDS of the disposal of the Richard Shops and John Collier Menswear and associated properties to Burton, it has not had sufficient opportunity to study fully its implications."

Burton had intended to offer cash, or shares to an approximate value of 40p per share for these two operations, but now expects to negotiate anew if the bid by Hanson for the entire group is successful.

The City was suggesting yesterday that a new institution would join the Bassishaw consortium to improve its cash terms but Bassishaw still have at least two weeks to consider a new offer before Hanson's bid reaches its first closing date on March 29.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—AAH, Bolton Textile, *William Boulton, Consolidated Gold* Fields, Medminster.

Finals—Comben, Johnstone's Paints, Phicom, Ransomes Sims and Jefferies, Sandvik AB, Schroders, Wearldhave.

FUTURE DATES

Interims—	
Brooke Bond	Mar 15
Free State Geduld Mines	Apr 21
Goodman Brothers	*Mar 18*
Martin (R.P.)	Mar 17
Mills and Allen International	Mar 14
Minerals and Resources	Mar 25
Minerals Oils and Res Shs Fd	Mar 24
Murray Glendevon Inv Tst	Mar 14
New Central Witwatersrand Areas	Apr 14
President Brand Gold Mining	Apr 21
President Steyn Gold Mining	*Apr 21*
Western Holdings	Apr 21
Finals—	
Bndon	Mar 30
Cement-Roadstone	Mar 15
East Rand Gold and Uranium	Apr 21
Green's Economiser	Apr 14
McLaughlin and Harvey	Mar 14
Mackey (Hugh)	Mar 16
Metalrax	Mar 14
Pittard	Mar 17
Robinson (Thomas)	Mar 17
Sale Tilney	Mar 17
Slough Estates	Mar 23
Smith and Nephew	*Mar 22*
Wolstenholme Rink	Mar 17

Unilever expands Australian operations

Unilever Australia has bought the margarine, oils and general products divisions of the Australian pastoral, food, finance and resources conglomerate Elders IXL for an undisclosed sum.

The business of Elders' margarine and oils subsidiary, Provincial Traders, will be merged with EOI Pty, Unilever Australia's margarine, oils and fats company.

Elders' general products business, which includes jam, canned meats and tomato products, will merge with Unilever's vegetable and canned foods company, Rosella Lipton.

Elders' bakery and catering products business will be merged with Unifood Services. In all Unilever will take on about 700 employees.

It plans to spend about A$12m (£6.84m) in the next four years to upgrade and expand facilities and will create "significant job opportunities."

This acquisition probably makes Unilever the largest margarine producer in Australia ahead of Allied Mills. Unilever and *Provincial Traders* are currently second and third, respectively in this field.

It will also expand Unilever's operations into Queensland where it was previously not represented. It has acquired a margarine factory in Murarrie, Brisbane in the state and two smaller plants in Sydney and Melbourne. General Products *also* has two *factories* in Melbourne.

Elders' food group has annual sales of more than A$260m including frozen foods and wines and spirits operations which are not included in the Unilever purchase.

The deal still requires the approval of the foreign investment review board.

INSTITUTIONS BUY 10% OF JOHN WOOD

The **John Wood Group**, one of Scotland's largest private companies with extensive North Sea oil service interest, has sold 10 per cent of its shares to a group of financial institutions.

The purchase of 1m convertible *cumulative* shares is understood to value the Aberdeen-based group at about £30m. The group had a pre-tax profit of £4.75m in 1982.

Mainly Scottish, the institutions are led by merchant banker Noble Grossart, Aberdeen Trust, Alliance Trust, Edinburgh Fund Managers, Edinburgh Investment Trust, General Accident, Industrial and Commercial Finance Corporation, Securities Trust for Scotland, Noble Grossart Investments, and Scottish Northern Investment Trust.

New look planned for E. Austin

Mr Swraj Paul, chairman of **Caparo Industries**, the steel stockholding, industrial services, engineering and property group, revealed yesterday that the company plans to inject its property interests into E. Austin, the loss-making forklift business it purchased last month for £2.5m.

Caparo has properties valued at around £15m, Mr Paul said, and this was far too much for an industrial company.

E. Austin has properties worth about £3m. Caparo announced at the time of the bid that Austin's properties were a particular inducement for the bid.

In the formal offer document, circulated to shareholders yesterday, Caparo confirmed its intention to *maintain* E. Austin's public quotation. Caparo Industries is publicly quoted, but a subsidiary of the privately-owned Caparo group.

The forklift truck operations of Austin are to be integrated with those of two existing Caparo Industries subsidiaries—Harlock and Central Manufacturing and Trading.

Caparo Industries has been busy over the past year acquiring substantial stakes in a wide range of small companies. The latest is a boost to a 15 per cent stake in Richardsons Westgarth, the engineer and stockholder registered in Newcastle.

Only a week ago, Caparo bought fresh shares in the Barton Group, a tubing, foundry and industrial services group, taking its total stake up to 18.4 per cent.

The company has stakes ranging from 5 to 10 per cent *in two* other companies — Brockhouse and Arthur Lee.

It has strongly resisted suggestions that these stakes will mature into bids for the companies concerned. Mr James Leek, Caparo Industries' chief executive, said: "Our purchases started as an investment and may well end up as an investment.

"If people assume that these companies are all going to be taken over, then they are going to be sadly upset," he added.

Crusader Insurance sale arouses a vast interest

BY ERIC SHORT

AROUND 60 financial institutions have expressed interest in acquiring the UK insurance composite Crusader Insurance, one of the insurance underwriting operations being sold off by **Marsh & McLennan Companies**, the world's largest insurance broker.

This news was revealed yesterday by Mr David Ellis, marketing director of Crusader, at a press conference to announce the expansion of the company's private motor insurance activities.

News of the pending sale was given last month when Marsh & McLennan stated that it was in the best interest of both clients and shareholders to concentrate on insurance broking and get out of underwriting. Crusader was acquired by Marsh & McLennan when it took over C. T. Bowring in 1980.

Marsh & McLennan is being advised in the UK by merchant bankers S. G. Warburg, which with the assistance of leading accountancy firm Price, Waterhouse, is in the process of valuing the shareholders' interests in Crusader, prior to drawing up the offer for sale document.

Preliminary estimates put the asset value at at least £50m to which must be added a substantial sum for goodwill—any buyer would be acquiring an established insurance operation with a comprehensive branch network and long established insurance broker connections.

Mr Ellis admitted that the company had been surprised by the number of inquiries. The majority had come from overseas, but there had been a significant number from UK-based institutions.

Crusader is best known as a leading life and pension company with very competitive with-profits contracts. However, it has embarked on a programme of expansion in the general insurance field.

It entered the private motor sector three years ago through *affinity group schemes and has* 120,000 motorists in its portfolio.

Now it is expanding this to cover the whole private motoring field through its broker and branch network. It recently entered the motorcycle market with a new scheme exclusively for Suzuki and Vespa motor scooters.

BASE LENDING RATES

A.B.N. Bank	11 %
Allied Irish Bank	11 %
Amro Bank	11 %
Henry Ansbacher	11 %
Arbuthnot Latham	11 %
Armco Trust Ltd.	11 %
Associates Cap. Corp.	11 %
Banco de Bilbao	11 %
Bank Hapoalim BM	11 %
BCCI	11 %
Bank of Ireland	11 %
Bank Leumi (UK) plc	11 %
Bank of Cyprus	11 %
Bank Street Sec. Ltd.	10½%
Banque Belge Ltd.	11 %
Banque du Rhone	12 %
Barclays Bank	11 %
Beneficial Trust Ltd.	12 %
Bremar Holdings Ltd.	12 %
Brit. Bank of Mid. East	11 %
■ Brown Shipley	11 %
Canada Perm't Trust	11½%
Castle Court Trust Ltd.	11½%
Cayzer Ltd.	11 %
Cedar Holdings	11 %
■ Charterhouse Japhet	11 %
Choularions	11½%
Citibank Savings	¶ 9 %
Clydesdale Bank	11 %
C. E. Coates	12 %
Comm. Bk. of N. East	11 %
Consolidated Credits	11 %
Co-operative Bank	*11 %
The Cyprus Popular Bk	11 %
Duncan Lawrie	11 %
E. T. Trust	11½%
Exeter Trust Ltd.	12 %
First Nat. Fin. Corp.	13½%
First Nat. Secs. Ltd.	13 %
Robert Fraser	11½%
Grindlays Bank	‡11 %
■ Guinness Mahon	11 %
Gulf G'tee Trust Ltd.	12 %
■ Hambros Bank	11 %
Hargrave Secs. Ltd.	11 %
Heritable & Gen. Trust	11 %
■ Hill Samuel	§11 %
C. Hoare & Co.	†11 %
Hongkong & Shanghai	11 %
Kingsnorth Trust Ltd.	12 %
Knowsley & Co. Ltd.	11½%
Lloyds Bank	11 %
Mallinhall Limited	11 %
Edward Manson & Co.	12 %
Midland Bank	11 %
■ Morgan Grenfell	11 %
National Westminster	11 %
Norwich Gen. Tst.	11 %
P. S. Refson & Co.	11 %
Royal Trust Co. Canada	11 %
Roxburghe Guarantee	11½%
Slavenburg's Bank	11 %
Standard Chartered	‖11 %
Trade Dev. Bank	11 %
Trustee Savings Bank	11 %
TCB	11 %
United Bank of Kuwait	11 %
Volkskas Intl. Ltd.	11 %
Westpac Banking Corp.	11 %
Whiteaway Laidlaw	11½%
Williams & Glyn's	11 %
Wintrust Secs. Ltd.	11 %
Yorkshire Bank	11 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 8%, 1-month 8.25%. Short-term £8,000/12-months 10.8%.
† 7-day deposits on sums of: under £10,000 8%, £10,000 up to £50,000 8½%, £50,000 and over 9½%.
‡ Call deposits £1,000 and over 8%.
‖ 21-day deposits over £1,000 9%.
§ Demand deposits 8%.
¶ Mortgage base rate.

Candecca hopes new chief will unite its members

Candecca Resources, the UK onshore oil exploration group, expects to appoint a new independent chairman within the next few weeks to patch up differences between its Canadian and British shareholders.

Candecca announced last Friday that Sceptre Resources of Canada, its largest shareholder, had agreed to the restructuring of the Candecca board.

In future, it will consist of four British, four Sceptre and two independent members, including an independent chairman.

In December, Sceptre, which had earlier said it wanted to dispose of its 39 per cent holding, increased it slightly and replaced Candecca's British managing director, Mr David Hooker, with its own nominee, Mr Peter Carter.

Mr Jack Shaw Stewart, one of the British directors who opposed the removal of Mr Hooker, said yesterday he expected a new chairman would be announced within *the next 10* days.

"This will put the seal on the agreement we have reached with Sceptre," he said. "We are attempting to reconstitute a sensible board.

"The new board will have to look at all the problems facing the company, of which Mr Hooker's position is one," he added.

Mr Stuart McColl, a Canadian director associated with Sceptre, confirmed that Candecca was "actively discussing with one or two persons the position of chairman."

Trumanns Steel offers £3.5m for J. Austin

James Austin Steel Holdings, the Yorkshire-based steel stockholding group, yesterday received a 77p a share bid from **Trumanns Steel Group**. The bid values the company at £3.47m.

Trumanns is a privately-owned company based in Manchester, and is also a steel stockholder. It has held a 25.77 per cent stake in James Austin since 1978.

Mr A. J. Fletcher, Trumanns' chief executive, said yesterday that two aims underscored the bid. Firstly, there were advantages to be achieved from operating as a larger group. Larger companies, purchasing steel in larger quantities, were in a stronger position to negotiate preferential steel prices with suppliers, he said.

Secondly, the two companies were geographically complementary—Trumanns active in the North-West and James Austin in the North-east and the Midlands.

Both companies had a turnover in 1982 of about £15m. In the year ending March 31, James Austin reported a pre-tax profit of £354,000. Some recovery has been *reported to* the half-way stage in 1982, but the steelstockholding business remains depressed.

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MINING NEWS

East Dagga and Ergo may pool interests

IT LOOKS as though Mr Adolf Lundin, the Swedish businessman who won control of East Daggafontein Mines last year, could be about to turn the veteran South African gold producers' waste dumps to good account.

East Rand Gold and Uranium (Ergo), the Anglo American Corporation's dump retreatment operation, plans four months of tests on dams of its own in the Far East Rand and on material owned by East Dagga.

The East Dagga material comprises three dams, one deposited by the old East Dagga mine itself, one by Daggafontein Mines and one acquired last year from Egoli Consolidated Mines.

The last of these dams has a relatively high gold content and is low in uranium, and would obviously play an important part in any retreatment project.

The tests will assess the viability of pooling the various dams, which would establish a combined reserve of some 450m tonnes of slimes.

This amount of material could support the construction of a carbon-in-leach plant, using a low-grade cyanide solution and short retention times, to recover the gold contained in the material.

Eventually, this might be followed by the erection of a flotation plant to recover any residual gold and, in addition, uranium and sulphuric acid. The timing of the construction of the flotation plant would depend on an upturn in demand for uranium and acid.

The combined capacity of the two plants would be in the region of 1.6m tonnes a month.

If the project does go ahead, it is envisaged at present that Ergo and East Dagga would each have a 50 per cent stake.

In a separate development, Ergo proposes to build a carbon-in-leach plant at the present site to treat tailing from its flotation circuits to recover residual gold.

This plant, with a capacity of about 1.6m tonnes a month, would cost R63m (£38m).

Teck and Noranda raise stakes in Hemlo gold

BY KENNETH MARSTON, MINING EDITOR

THE latest news from the Canada's gold exploration rush in the Hemlo area of north-western Ontario is a deal between one of the smaller players, Interlake Development Corporation, and the big Teck and Noranda groups.

Interlake has accepted a joint proposal by Teck and Noranda for the exploration of the Interlake property at Hemlo which is strategically placed with the neighbouring ground of Lac Minerals, Golden Sceptre Resources-Goliath Gold Mines and Teck-International Corona Resources.

Mr Rudi Siegert, chairman of Interlake, said that the Teck-Noranda joint venture will be required to spend C$6m (£3.23m) on underground exploration and development of his company's property in return for rights to the ground.

The joint venturers will also buy 50,000 treasury shares of Interlake at C$10 each within the next two weeks. They have further options to purchase 150,000 shares at C$15 until March 31 1984, and 150,000 shares at C$20 until March 31 1986.

If it is decided to develop a gold mine, Interlake will receive advance royalties of C$240,000 a year from the start of production and 40 per cent of net profits annually. It is expected that a decision on whether to go to production will be taken by March 1987.

Noranda is thus increasing further its interests in the Hemlo area. It originally closed a farm-in deal with the Golden Sceptre-Goliath partnership whereby it can earn a 50 per cent stake in their Molson Lake property. This is set to produce the first mine in the area, the Golden Giant, although a claims dispute with Lac Minerals has yet to be settled.

Noranda has also come to another arrangement with the Teck-International Corona partnership whereby Noranda is to put down on their property a shaft which will be used to mine the neighbouring Golden Sceptre-Goliath ground.

Disposals boost Gopeng profits

SALES OF investments and other assets helped to boost the net profits of Gopeng Consolidated for the year to end-September 1982 to £1.5m from £632,000 in the previous 12 months. Earnings per share rose to 33.33p from 15.04p.

The company, which produces tin in Malaysia, said that the likelihood of export controls under the sixth International Tin Agreement continuing for the current year will mean the closure of some production units, once the maximum permissible stock levels have been reached.

Workers from operations which have to be closed will be re-deployed on other essential mine maintenance work.

There is unlikely to be any significant improvement in profitability until there is a marked upturn in world commodity prices, Gopeng said.

This upturn, it is hoped, will lead to the relaxation and eventual removal of the export controls. Until that happens, profitability will depend on the production levels set under the quota system.

In the meantime, Gopeng said that it is possible to maintain a satisfactory mining scheme under the present difficult conditions, provided the company plans its operations carefully and remains flexible.

Gopeng has also released production figures for the four companies in the group for the month of February. Output was lower at 132½ tonnes, down from January's 188½ tonnes.

The main reasons for the drop were a shortage of water for processing at the lead company, Gopeng, and a two-week dredge shutdown at Mambang Di-Awan.

In a reversal of the trend established over the first four months of the year, the latest figures show a sharp downturn in the cumulative total for the year so far.

Gopeng has produced a total of 719½ tonnes over the first five months, compared with 733½ tonnes at the same stage of last year.

	Feb tonnes	Jan tonnes	Dec tonnes
Gopeng	114	145	148¼
Mombang	8¼	34¼	39½
Tanjong	3½	5½	5
Idris	5½	3	—

The latest output figures are compared in the accompanying table.

The big Malaysia Mining Corporation (MMC) group, the largest tin producer in the country, has also released production figures for February.

These show a fall in output for the first eight months of the year to 4,125 tonnes from 5,574 tonnes at the same stage of last year.

Companies directly under the control of the group reduced production to 454 tonnes from January's 557 tonnes, with the biggest fall coming at MMC itself, the leading company, where output fell to 146 tonnes against 230 tonnes.

Other companies under the control of Pernas Charter Management totalled 801 tonnes, down from 911 tonnes.

The latest figures are compared in the accompanying table.

	Feb tonnes	Jan tonnes	Dec tonnes
Aokam	114	99	81
Ayer Hitam	84	68	71
Berjuntai	173	210	187
MMC	454	557	545
Sungai Besi	44	44	61
Tongkah Harb.	44	45	42
Tronoh	36	32	35

RESULTS AND ACCOUNTS IN BRIEF

ROSEDIMOND INVESTMENT TRUST—Second distribution 3.4p making 7.1p (6.5p) for year to January 31 1983. Income £911,724 (£889,812); expenses £32,381 (£31,093); revenue £879,343 (£858,719) before tax £457,258 (£270,039); earnings per income share 7.05p (6.4p); NAV per 25p capital share 200p (165p) at January 31.

LAW DEBENTURE CORPORATION (investment trust)—For 1982: final dividend 2.5p (same adjusted for scrip) making 4.5p (4p adjusted) as already announced; stated earnings per share 5.3p (4.38p); net revenue after tax £1.22m (£1.01m); gross revenue £2.88m (£2.43m) including franked income £1.08m (£1.01m) and fees as trustees £1.11m (£939,383): administration expenses £733,941 (£665,678); debenture interest £64,750 (same); foreign currency loan interest £85,824 (£56,808); pre-tax profits £2.02m (£1.64m); net assets per share 121.1p (93.8p).

LONDON SHOP PROPERTY TRUST—Pre-tax profits for the six months to the end of October 1982 £1.95m (£1.67m); total revenue £3.1m (£2.57m) including property revenue £2.76m (£2.38m); net interest payable £1.15m (£896,000); basic earnings per 25p share 3.7p (3.4p); tax £755,000 (£840,000).

DAVIES AND METCALFE (engineer)—Final dividend 1.54p (1.4p) making 2.11p (1.97p) for 1982. Pre-tax profit £1,010,854 (£895,772); net profit £674,864 (£736,804).

WHITTINGTON INTERNATIONAL HOLDINGS (property investment and farming)—Results for 1982: Turnover £392,000 (£382,000), pre-tax profits £285,000 (£166,000), including £277,000 (£286,000) profit on investment sale: tax £83,000 (£75,000), earnings per share 1.64p (1.2p) and 1.51p (1.11p) fully diluted: dividend 0.07p (0.05p) net. The property portfolio rose from £1.4m to £4.4m reflecting a number of acquisitions during the year. As at December 12 last rental income had risen to £356,000 per annum and provides the company with a secure foundation for growth, directors state.

LONDON & STRATHCLYDE — Net interim dividend 0.85 (0.8p) on account of the year to the end of August 1983. Full details of results for the six months to the end of February will be circulated shortly in an interim report.

EAST DAGGAFONTEIN MINES, LIMITED

(Incorporated in the Republic of South Africa)

Directors: A. H. Lundin (Chairman), E. W. Bazinet, J. M. R. Berardo, J. H. Craig, P. R. A. Ferguson, L. Klingmann, O. S. Redfern, C. I. Von Christierson, K. C. Whyte.

Alternate Directors: C. P. Briggs, C. E. Dixon, D. M. Grant-Hodge.

COMPANY ANNOUNCEMENT

1. In the Circular to Shareholders dated 1st October 1982 reference was made to a feasibility study commissioned by the Company to determine the viability of treating the Company's slimes dams situated on the Farm Daggafontein 125 IR. This feasibility study has now been completed. The results reveal that a recovery in excess of 50 per cent is achievable in a plant designed to treat 500,000 tons of slimes a month for the recovery of gold only by direct cyanidation and carbon-in-pulp (carbon-in-leach). The financial studies undertaken indicate that the project is viable at current gold prices, with an overall project break-even gold price of less than $300/oz.

2. The Company has had preliminary discussions with East Rand Gold and Uranium Company Limited (ERGO) which Company, without any commitment, has indicated that it is interested in investigating the possibility of pooling certain of its slimes dams including the existing tailings dam resulting from its current slimes treatment operation, with this Company's slimes reserves situated on the Farm Daggafontein 125 IR. The object of the proposal to pool these resources would be the establishment of a combined reserve of approximately 450 million tons of slimes initially to support the erection of a carbon-in-leach (CIL) plant, to be followed at a later date by a flotation plant of approximate equal capacity, with an eventual total combined treatment capacity of both plants of approximately 1.6 million tons a month. The CIL plant would only recover gold whereas the flotation plant would involve the production of gold, uranium and sulphuric acid. The viability and the timing of the erection of the flotation plant would depend upon the ability to market the uranium and acid at acceptable prices.

It has been agreed that ERGO will conduct test work over the next four months on East Daggafontein's and its own slimes dams to assess the overall viability of the scheme. Preliminary theoretical exercises have indicated that this Company's participation in the proposed project would be approximately 50 per cent. However, the extent of each Company's participation in the proposed project will be finally determined when the studies have been completed and the viability established.

In view of the potential importance of this development to East Daggafontein, your Board of Directors has decided to postpone any decision on the erection of the plant referred to in Paragraph 1 hereof and to grant ERGO the investigation period it has requested. Shareholders will be kept informed of developments and are advised to act cautiously in any share dealings prior to finalization of the manner in which the Company's slimes reserves are to be exploited.

Copies of the announcement are being posted to all members of the Company.

On behalf of the Board
A. H. LUNDIN
Chairman
C. I. VON CHRISTIERSON
Director

8th March 1983

COMPANY ANNOUNCEMENT

EAST RAND GOLD AND URANIUM LIMITED (ERGO)

(Incorporated in the Republic of South Africa)

(a) PROPOSED NEW CARBON-IN-LEACH PLANT
(b) DISCUSSIONS WITH EAST DAGGAFONTEIN MINES LIMITED CONCERNING PROPOSALS FOR THE TREATMENT OF CERTAIN SLIMES DAMS ON THE FAR EAST RAND

Members have been informed from time to time, through the medium of the annual reports, of the continuing research and development work undertaken with a view to improving both gold and uranium recoveries from the company's slimes treatment operations.

Ergo was commissioned in 1978 and optimal recoveries of gold, uranium and sulphur from the existing flotation process were achieved by 1980. Since then development work has been directed towards improving the gold recovery.

A two year pilot plant programme has confirmed that a carbon-in-leach (CIL) process, using low cyanide additions and short retention times is viable. The initial proposal for the erection of such a plant at the Ergo site to treat some 1.6 million tons a month of flotation tailings currently arising is to be submitted to the board of directors in April this year. The present estimate of the capital cost of such a plant is R63 million.

Part of the original programme for treatment of Ergo's slimes dams envisaged the erection of a separate plant on the Far East Rand to treat the dams in that area, none of which were scheduled to be treated in Ergo's main treatment plant. As these dams are relatively rich in uranium and sulphur, Ergo deferred their exploitation until the uranium market improved.

Recently, East Daggafontein Mines Limited (East Dagga) has informed Ergo that they are considering the erection of a 500 000 tons a month plant to treat their slimes reserves for the recovery of gold. East Dagga's reserves on the Far East Rand are three slimes dams deposited by it and Daggafontein Mines Limited and one they acquired from Egoli Consolidated Mines Limited in mid-1982. The latter slimes dam, which has a relatively high gold content but low uranium and sulphur content, would play an important part in any slimes treatment project.

It has been suggested that a joint undertaking, involving the pooling of certain slimes reserves, might be of benefit to both companies.

Attention of members of Ergo is directed to the announcement published by East Dagga relating to the preliminary discussions that have taken place between the two companies. Ergo, without any commitment, has indicated that it is interested in investigating the possibility of processing the pooled slimes dams and also the slimes contained in the existing Ergo tailings dam.

Because the Ergo dams being considered for the pooling arrangement were not scheduled to be treated through the existing Ergo plant the proposed scheme will not shorten the life of the current operation.

The result of the pooling arrangement would be the establishment of a combined reserve of approximately 450 million tons of slimes initially which would support the erection of a CIL plant and at a later date a flotation plant, both for the joint undertaking. Each of these plants would have a capacity of approximately 800 000 tons of slime a month. The CIL plant would only recover gold whereas the flotation plant would involve the production of gold, uranium and sulphuric acid. The viability and the timing of the erection of the flotation plant would depend upon the ability to market the uranium and acid at acceptable prices.

It has been agreed that Ergo will conduct testwork over the next four months on its own and East Dagga's slimes dams, in order to assess the overall viability of the scheme. Preliminary theoretical exercises have indicated that this company's participation in the proposed project would be approximately 50 per cent. However, the extent of each company's participation will be finally determined when the studies have been completed and the viability established.

Members are advised to act with caution in regard to dealings in the company's shares which might be prompted by the aforesaid proposals under consideration. In due course a formal announcement will be published advising members of the decision reached by the board of directors as to whether or not Ergo will proceed with such a scheme with East Dagga.

Copies of this announcement are being posted to all members of the company.

Johannesburg
March 9 1983

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

TRADED OPTIONS

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS 14,886

A = Asked B = Bid C = Call P = Put

LONDON TRADED OPTIONS

[illegible]

Mar. 8 Total Contracts 3,801 Calls 1,482 Puts 319

هكذا اصه الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Barclays Life Assur. Co. Ltd.—cont.

Black Horse Life Ass. Co. Ltd.

British National Life Assurance Co. Ltd.

Canada Life Group

Cannon Assurance Ltd.

Capital Life Assurance

Chieftain Assurance Funds

City of Westminster Assurance

Clerical Medical & Gen. Life Ass. Soc.

Clerical Medical Managed Funds Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Continental Life Insurance PLC

Cornhill Insurance PLC

Credit & Commerce Insurance Co. (UK)

Crescent Life Assurance Co. Ltd.

Crown Life

Crusader Insurance PLC

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Family Assurance Society

G.T. Management Ltd.

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance P.L.C.

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

London & Manchester Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

Multiple Health and Life Assur. Co. Ltd.

NEL Pensions Ltd.

National Provident Institution

New Zealand Ins. Brit. Insce. PLC

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capital Life Assc. Co. Ltd.

Provident Mutual Life Assc. Assn.

Provincial Life Assurance Co. Ltd.

Prudential Assurance Co.

Prudential Pensions Limited

Refuge Investments Limited

Reliance Mutual

Royal Life Insurance Ltd.

Royal Life (Unit Link. Pension Fds.) Ltd.

Save & Prosper Group

Schroder Life Group

Scottish Amicable Investments

Scottish Equitable Life Assce. Soc.

Scottish Mutual Assurance Society

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS

Albany Fund Management Limited

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Ltd.

B.I.A. Bank Investments AG

Bank of America International S.A.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Charterhouse Japhet

Charterhouse Japhet Currency Mngt. Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortexa International

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

Eurobond Holdings N.V.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity International

Fleming Japan Fund S.A.

Frankfurt Trust Investment—GmbH

Free World Fund Ltd.

G. T. Management (U.K.) Ltd.

Gartmore Fund Managers Ltd.

Granville Management Ltd.

Grindlays Investment Mngt. Ltd.

Guinness Mahon Intl. Fund (Guernsey)

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Admin. & Man. (Guernsey)

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Investment Mgmt. Intnl.

IBI Fund Managers (Jersey) Ltd.

I.C. Trust Managers Ltd.

IGF Management Services Inc.

International Bond Trust

International Pacific Inv. Mgmt. Ltd.

Invicta Investment Management

Jardine Fleming & Co. Ltd.

Kleinwort Benson Group

Korea International Trust

Lazard Brothers & Co. (Jersey) Ltd.

Leopold Joseph & Sons (Guernsey)

Lloyds Bank (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

Lloyds Bank International, Guernsey

Louis Dreyfus Commodity Fund

M & G Group

Manufacturers Hanover Asset Mgt

Midland Bank Tst. Corp. (Jersey) Ltd.

Minerals, Oils Res. Shrs. Fd. Inc.

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

N.E.L. International Ltd.

Newport International Management

Normandy Trust Managers Ltd.

Pacific Basin Fund

Perpetual U.T. Mgrs. (Jersey) Ltd.

Phoenix International

Providence Capital International Ltd.

Quest Fund Man. (Jersey) Ltd.

Quilter/Heinold Commodities

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Royal Bank of Canada Funds

Save & Prosper International

Schlesinger International Mngt. Ltd.

Schroder Mngt. Services (Jersey) Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Schroder Unit Trust Mgrs. Int. Ltd.

Scrimgeour Kemp-Gee Mngmt., Jersey

Securities Selection Ltd.

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents.

Strategic Metal Trust Mngrs. Ltd.

Stronghold Management Limited

Surinvest (Jersey) Ltd.

TSB Trust Funds (C.I.)

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Bank Isle of Man Ltd.

Tyndall Group

Tyndall—Guardian Mngmt. Ltd.

Unico Invest Fd Mgt Co SA Lux

Union-Investment-Gesellschaft mbH

V.C.A. Financial Management Ltd.

Vanbrugh Fund Management Intl. Ltd.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. (I.O.M.) Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

Wardley Investment Services Ltd.

Westaven Secs. (Guernsey) Ltd.

World Wide Growth Management

Wren Commodity Management Ltd.

NOTES

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for March 8.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 14¼ 89	75	112¾	113⅛	-0¼	-0⅛	11.21
Amro Bank 13 89	200	105¾	106⅛	-0¼	0	11.65
BHP Finance 14⅞ 89	150	103⅞	106⅜	-0¼	+0⅛	12.51
British Col Hyd 14⅞ 88	200	113¾	114½	-0⅛	-0¾	11.44
British Col Hyd 15¼ 02	150	117½	147⅝	-0⅜	-0⅛	12.82
Canada 14⅞ 07	750	110⅞	111⅜	-0½	-0⅛	10.93
Canadair Ltd 12½ 08	175	105	105½	-0½	-0⅛	11.31
Canadian Wheat 11¼ 00	50	100¾	101¼	-0½	-0½	11.03
Can Pac Ltd 14⅝ 92	75	111⅜	111¾	+0⅛	+0⅜	12.41
Can Pac Sec 15 86	75	109⅝	110⅛	+0⅛	+0⅛	12.62
Citicorp O/S 15 84/92	100	104¾	108¼	0	-0⅛	9.93
Coca Cola Int 5⅛ 92	100	24⅝	25⅛	-0½	+0⅜	10.75
Coca Cola Int 11¾ 89	100	105⅝	106⅛	-0¼	-0¾	10.44
Credit Suisse 10½ 89	100	100¼	100¾	+0⅜	-1¼	10.37
Deutsche Bk Fin 14¼ 89	300	110⅝	111⅛	-0⅛	0	11.71
Du Pont 11¼ 95	150	101⅜	101⅞	0	-0¼	10.99
Du Pont 14⅛ 89 WW	200	109	109½	-0¼	-0½	12.16
E.D.C. 10¾ 88	100	99½	100	-0⅛	-0⅛	10.88
E.D.F. 12⅛ 97	150	104	104½	-0½	-0¼	11.47
E.E.C. 11½ 95	200	99	99½	0	+0⅛	11.61
E.I.B. 15½ 92	100	114⅜	114⅞	-0¼	-0½	12.70
Exp Dev Corp 11¾ 97	100	102⅜	102⅞	-0⅛	-0⅜	10.96
Forsmarks 13¾ 92	75	105⅜	105⅞	0	+0½	12.67
Gaz de France 12⅛ 93	175	20¼	20¾	+0⅛	-0⅛	12.15
Gen Elec Credit 9¾ 01	100	14¾	15¼	-0⅜	+0¼	10.65
Gen Elec Credit 12 00	100	107¼	107¾	-0⅛	-0¼	10.34
Getty Oil Int 14 89	125	107⅜	107⅞	-0⅛	-0⅜	12.14
GMAC O/S Fin 10½ 90	200	97¼	97¾	-0⅜	-0⅜	11.93
GMAC O/S Fin 15 87	100	108¾	109¼	0	-0½	11.94
Gulf Oil Fin 12⅛ 87	100	104⅝	105⅛	-0⅛	-0⅝	10.90
IBM World Trade 12⅛ 92	200	109¼	109¾	-0⅛	-0⅛	10.80
Lloyds Euro 11½ 94	100	17⅝	18⅛	-0¾	-0¼	11.83
Manitoba Prov 11¾ 89	125	103	103½	-0⅛	-0⅜	11.91
Manitoba Prov 13⅛ 89	100	109	109½	-0⅜	-0¼	11.93
Midland Int Fin 11½ 02	150	99⅝	100⅛	-0⅛	-0⅜	11.50
Nat West Fin 11¾ 02	150	101¼	101¾	-0⅛	-0¼	11.48
New Brunswick 15⅛ 87	75	112⅛	112⅝	-0¾	-0½	11.45
Newfoundland 15½ 90	75	113½	114	+0⅛	+1	12.51
Nippon Credit 11⅛ 93	100	97¾	97⅞	-0¼	-0¼	11.66
Nova Scotia Prv 15⅛ 89	75	113⅝	114⅛	0	+0⅛	11.95
Ontario Hydro 11¼ 88	200	103⅝	104⅛	0	0	10.41
Ontario Hydro 12¾ 92	200	106¾	107¼	-0⅛	+0¼	11.48
Ontario Hydro 15 92	150	116¼	116¾	0	+0⅛	11.95
Prudential O/S 12¾ 87	150	106⅛	106⅝	-0⅛	-0¾	10.80
Quebec Hydro 11½ 92 D	100	99⅝	100⅛	-0½	-0¼	11.46
R. J. Reynolds 12¾ 89	100	105⅛	105⅝	-0⅛	-0⅜	11.50
Saskatchewan Prov 15 92	150	116⅛	116⅝	-0⅛	0	11.57
Shell Canada 14⅞ 92	125	111⅜	111⅞	+0⅛	+0⅜	12.19
Skand Enskil 11½ 88	100	99⅞	100¼	-0⅛	-0¼	11.77
Swed Exp Credit 14⅞ 00	100	108⅛	108⅝	-0⅛	-0⅛	12.86
Swiss Bk Corp 10¼ 90	125	99⅝	100⅛	-0⅛	-0⅝	10.24
Texaco Capital 9¾ 90	150	94⅞	95⅜	-0¼	-0¾	10.78
U.B.S. 11 89	150	102¾	103¼	-0¼	-0⅛	10.33
Walt Disney Pro 12⅛ 89	75	103⅞	104⅜	-0⅛	-0⅜	11.01
World Bank 10½ 89	150	98¼	98¾	-0¼	-0⅜	10.76
World Bank 10⅞ 93	100	98	98½	-0¼	-0⅜	11.17
World Bank 11⅛ 88	100	99⅜	99⅞	0	0	11.27

Av. price changes: on day -⅛, on week -⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 9¼ 92	80	101⅛	101⅝	-0⅛	+0½	8.03
Asian Dev Bank 8⅛ 92	150	100⅝	101⅛	-0⅛	+1	8.11
Australia 9⅛ 93	200	98½	99	-0¼	+0¼	7.85
Australia 7¾ 92	200	103¾	104½	0	+0¾	7.14
Bank of Tokyo 7¼ 90	100	98¼	98¾	-0¼	+0¾	7.53
Bayer Capital 7⅝ 89	150	102⅞	103⅜	0	+0⅛	9.99
Beecham Fin 9½ 92	125	102½	103	-0⅛	+0⅛	7.72
Caisse Nat Energie 8 93	100	100½	101	-0¼	+0⅜	7.88
Caisse Nat Tele 7⅞ 93	200	98⅛	98⅝	-0¼	+0⅜	7.95
E.C.S.C. 7½ 93	150	98⅝	99⅛	-0¼	+0½	7.64
E.E.C. 7¾ 95	200	99½	100	-0⅛	+1½	7.78
E.E.C. 8 94	200	100⅞	101⅜	-0¼	+1⅛	7.82
GKN 8⅞ 89	100	99½	100	-0⅛	+0¾	8.44
Gould Int Fin 9¼ 90	75	102½	103	-0⅛	+0½	7.70
H.J. Heinz Int 6¾ 88	50	98⅞	99⅜	+0⅛	0	6.96
Int-Am Dev Bk 8¼ 93	150	100⅝	101⅛	-0¼	+0¾	8.11
Ireland 9⅞ 91	150	100⅝	101⅛	-0¼	+0¾	9.71
ITT Antilles 7 93	200	98	98½	0	+0⅛	7.25
McDonalds Fin 7⅛ 92	100	100⅝	100¼	0	+0¾	7.93
Mitsui O.S.K. 7⅛ 88	100	98	98½	-0¼	+0¾	7.09
Mitsubishi Heavy 7⅝ 97	150	101⅛	101⅞	0	+0¼	7.23
Quebec Hydro 9 93	200	101⅜	101⅞	-0⅜	+1½	7.76
Sweden Kingdom 8¼ 88	150	102⅜	102⅞	-0½	+0⅜	7.73
World Bank 7¼ 93	200	97⅞	98⅜	-0¼	+0½	7.58
World Bank 8¼ 92	200	103⅛	103⅞	0	+1⅛	7.72

Av. price changes: on day -⅛, on week +¾

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Express 4¾ 93	100	98½	98¾	-0¼	-0¼	4.93
Asian D.B. 5⅞ 95	100	99	99¼	0	+0½	5.98
Bowater Int Fin 6 92	100	103	103¼	-0¼	0	5.57
Chugoku Ele Pow 6⅛ 91	100	102⅜	103⅛	-0⅜	+0⅝	5.84
Ex-Im Bk Japan 5 93	100	98¼	98½	+0¼	+0¼	5.21
First Interstate 6 92	100	104	104¼	0	+0¼	5.44
Gaz de France 6 93	100	102½	102¾	+0⅛	+0⅛	5.84
Gothenburg Airport 6 93	50	99¼	99½	0	+0⅛	6.08
HCA Finance 5 93	100	98¾	98⅝	-0¼	+0⅝	5.20
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Av. price changes: on day [illegible], on week [illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 92	15	103¼	103¾	+0⅛	-0⅛	7.74
E.I.B. 8⅞ 92	15	102⅞	103	0	0	7.83
Japan Airlines 7⅞ 07	9†	100½	101	-0¼	-1¾	7.84
New Zealand 8⅞ 07	15	102¾	103¼	0	+0¼	7.53
World Bank 8⅜ 92	20	102⅛	103⅛	+0⅛	-0⅛	7.84

Av. price changes: on day 0, on week -⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit Col Tel 17¼ 00 C$	50†	112½	113	-0½	-0½	13.72
Can Utilities 17 97 C$	35†	113½	114¼	-0½	-0½	12.61
Farm Credit 12⅛ 93 C$	50†	100	100½	-0½	-0⅛	12.07
Gaz de France 15 89 C$	75†	105¼	106¾	0	+0½	13.42
Sas Metro 14½ 92 C$	40†	103½	104½	0	-0½	13.70
Quebec Hydro 14 92 C$	60†	106½	107	-0⅛	-0¼	12.72
Swed Exp CR 12¼ 08 C$	50†	98⅜	98⅞	-0⅛	-0⅛	12.49
Ireland 12¾ 00 Ecu	30	100⅝	101⅜	0	0	12.45
Ireland 12½ 01 Ecu	30	98½	99	-0⅜	-0½	12.76
Amfas 9½ 97 Fl	80	104¾	105¼	0	+0¼	8.18
Austria 7½ 00 Fl	100	99¼	99¾	0	0	7.62
Nederland Gas 7½ 88 Fl	100	99¼	99¾	-0⅛	-0⅛	7.62
Neder Mdbk 8¼ 87 Fl	100	105	105½	-0⅛	+0⅛	7.87
Quebec Prov 7½ 08 Fl	100	98⅛	98⅝	-0¼	+0⅛	7.91
World Bank 7 00 Fl	150	98⅝	99⅛	+0⅛	+0⅛	7.28
O.K.B. 14 88 FF	400	97½	98½	0	-0⅛	14.86
Solvay & Cie 14¾ 00 FF	200	96¾	97¾	-0⅛	-0⅛	15.96
B.F.C.E. 14½ 87 £	30	107⅜	108⅛	+0⅛	+0⅜	12.03
C.E.C.A. 13½ 88 £	20	104¼	105¼	+0⅛	+1	12.24
C.N.T. 12½ 89 £	20	99¼	100¼	+0⅛	+0⅜	12.52
E.E.C. 11⅞ 91 £	50	97¾	98½	+0¼	+1¼	12.25
Fin For Ind 12⅛ 88 £	30	101⅛	102⅛	+0¼	+1½	11.88
Fin Mat Oranj 12⅛ 92 £	30	22¾	23½	+0⅛	+0¾	12.07
Gen Elec Co 12½ 89 £	50	103¾	105	+0⅛	+0⅜	11.44
Hiram Walker 14¼ 89 £	25	105⅛	105⅛	+0⅛	+0½	11.94
Mort Bk Fin 11¾ 89 £	15	22⅞	24⅛	0	+0⅞	13.27
Norsk Hydro 12 00 £	30	27⅛	28⅛	+0¼	+0½	12.75
Norsk Hydro 14½ 87 £	30	107	108	+0⅛	+0⅛	12.11
Quebec 14½ 88 £	30	100	107	+0⅛	+1¼	12.98
S.D.R. France 15½ 92 £	30	109⅞	106⅞	+0⅛	+1⅜	14.16
S.N.C.F. 11½ 88 £	30	94⅝	95⅜	-0⅛	+1½	12.62
Tenneco Int 14¾ 87 £	30	106⅞	107⅞	+0¼	+0⅜	12.41
World Bank 11⅜ 91 £	75	26⅝	27⅜	+0⅜	+1⅜	12.06
Euratom 11 93 LuxFr	500	100½	101½	0	0	10.83
Europarat 12½ 92 LuxFr	500	103⅝	104⅝	0	-0⅜	11.72

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Bank of Tokyo 5½ 01 (D)	0⅛	100	100½	10/6	9¾	9.73
B.F.C.E. 5¼ 88	0½	98¾	99¼	28/7	9¼	9.34
B.F.C.E. 5¼ 07	0¼	99½	99¾	27/7	9.94	9.97
Caisse Nat Tele 5¼ 90	0¼	99	99½	21/4	10.56	10.64
Cepme 5¼ 92	0¼	99⅜	99⅞	10/6	9.94	9.99
Chemical NY 5⅛ 04 ††	0¼	100¼	100¾	23/3	9.94	9.98
Credit Agricole 9¼ 87	0¼	99⅛	99⅝	24/3	12⅞	12.98
Credit du Nord 5⅛ 92	0¼	99⅞	99⅞	23/6	10½	13.16
Credit Lyonnais 5¼ 97	0⅛	99¼	99¾	1/4	12.15	12.26
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

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EURODOLLAR MARKET SUFFERS FROM OVERSUPPLY

Bank of America cuts new bond

BY MARY ANN SIEGHART

BANK OF AMERICA has cut its new $300m 8 per cent Eurodollar bond to $250m as a result of a frosty market reception.

The issue was priced at 93⅝ and included warrants to buy the same bonds at 94½. Last night the paper was quoted at a discount of nearly 3 per cent in the pre-market.

Bank of America said: "It was clearly a tightly priced transaction and we thought the smaller amount would make it slightly more palatable."

The initial tranche of the two-tranche bond will now be $150m instead of $200m. The bank still has the option to issue another $100m within the year.

This shows up the current state of the Eurodollar market. A German bank, which intended to come to the market, also pulled out yesterday because of over-supply and lack of buying interest.

Most new issue prices drifted downwards to discounts of more than 2 per cent. Rabobank, the Dutch cooperative institution, for example, which issued a $75m, 8 per cent bond on Monday as part of an interest rate swap with a U.S. counterpart, found its issue being quoted yesterday at a 2¼ per cent discount.

The $100m convertible bond from Nissan, the Japanese motor group, was priced yesterday at par, with a coupon of 5¼ per cent. The conversion premium is 3.63 per cent and the conversion price, Y770. The two SwFr 100m convertible tranches were given coupons of 3½ per cent by SBC.

Morgan Guaranty is understood to be arranging a $100m, floating rate note private placement for the Kingdom of Belgium. The five-year note will have a spread of ¼ per cent over the 6-month London rate.

The $60m seven-year bond for Hitachi Zosen, the Japanese shipbuilder, was given a coupon of 11½ per cent at a price of par by S. G. Warburg and Nikko Securities.

The Eurodollar secondary market was also sluggish yesterday, with prices easing by about ¼-¾ point. There was virtually no retail buying interest from continental investors.

Today Lehman Brothers, Kuhn Loeb is leading a Yankee bond for the Republic of Austria. The amount is $150m, over seven years, but the price and coupon are not yet fixed.

There were two new issues led by SBC in the Swiss market yesterday. Air Canada is raising SwFr 100m in a 10-year or 12-year bond, with an indicated yield of 5½ per cent, and Clarion, the Japanese hi-fi manufacturer, is doing a convertible private placement of SwFr 100m, with a five-year maturity and an indicated coupon of 3⅝ per cent.

The secondary market was again patchy, but prices closed slightly down on the day.

● Mr Pierre Lardinois, chairman of Rabobank, the leading co-operative bank in the Netherlands, yesterday said he favours the establishment of a new international agency which would purchase portions of bank loans to debtor countries.

Mr Lardinois said the actions taken by the International Monetary Fund (IMF) and Bank for International Settlements (BIS) to put together rescue packages for debtor nations had been "wonderful." However, he added that a structural solution still needs to be found in order to maintain liquidity in the world banking system.

"In 1983 we have to see the banks and international institutions find a more long-term solution. We need a go-between for the commercial banks and governments," he explained.

Walter Ellis adds: Rabobank has established a new London representative office intended to exploit the growth of trade between the UK and the Netherlands. Mr Lardinois said yesterday that by the 1990s as much as 25 per cent of Rabo's assets could be tied up in international business, compared with 12 per cent at present.

Central banks urged to back international lending

FINANCIAL TIMES
The Euromarkets in 1983
CONFERENCE

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

COMMERCIAL BANKS will need an extra source of liquidity, if they are to meet the financing needs of the developing world, a senior British banker said yesterday.

The International Monetary Fund has recently estimated that developing countries will need an extra $20bn in new bank loans to finance their balance of payments deficit this year, but Mr Peter Leslie, senior general manager of Barclays Bank, said that such an amount would not come easily from commercial banks.

"It is hard to see banks being persuaded to increase other than marginally the total amount of their lending. I am looking for a form of carrot," he told the Financial Times conference on the Euromarkets.

Mr Leslie said that one of the banks' main concerns was the impact on their liquidity and cash-flow of tying up a growing portion of their balance-sheets in medium-term rescheduling operations. This meant that there was not enough money available to them to meet extra loan commitments.

He told the conference that one possible solution would be a rediscount facility, whereby, for example, central banks would discount existing commercial bank loans for cash which could be used to meet some of the new lending requirements. Such a rediscount facility would not involve the central banks in taking over the repayment risk on the loans involved, as it would be non-recourse.

This was more realistic than expectations of a global facility intended to buy commercial banks out of lending to developing countries. while forcing them to accept losses on existing loans, Mr Leslie said. Such a scheme is currently being considered informally among both central and commercial banks.

One of the most problematic aspects of the developing country debt problems was the way in which they were immobilising large parts of commercial bank balance sheets, he said. "There is a very reasonable chance that we won't lose principal or interest, but for years to come a sizeable portion of our balance sheets will be immobilised . . . this is going to mean spending more time on internal management of our balance sheet ratios."

Mr Geoffrey Bell, a leading expert on international banking and a director of Schroder International, said commercial banks should set up their own safety net to ensure that extra funds were available to countries with balance of payments problems. This would remove the uncertainties inherent in arranging large new loans for such countries on an ad hoc basis as part of rescue programmes orchestrated by the IMF. Commitments to such a scheme should total around $20bn, which is roughly equivalent to the IMF's recently increased General Arrangements to Borrow.

The IMF's resources need to be increased still further and it should borrow in private markets, Mr Bell said. It could easily raise $5bn to $7.5bn this year. For the longer term commercial banks and monetary authorities need to look at ways of reducing the debt overhang which threatens to undermine world economic recovery.

While the U.S. was enjoying an economic upturn, the debt problems and recession in the developing world were worsening. More than 25 countries were rescheduling and being forced to go into deeper recession. This was bound to have an effect on the strength of the recovery in industrialised countries and on the problems of the whole banking community.

Among other speakers, Dr Irving Friedman, senior international adviser of First Boston Corporation, said he thought new bank lending would increase. The gloom was overdone in this respect, but what was still disturbing was the way in which too little was still being done to ensure that sources of official finance at concessionary rates were available to meet the needs of developing countries.

Dr Norbert Walker, head of the business and cycle department of the Kiel Institute for World Economy, said the authorities were already trying to cope with the crisis by relaxing monetary policy. The short-run effects would be good for the financial, goods and labour markets, but the next inflationary cycle was already being initiated.

Mr Norman Robertson, chief economist of Mellon Bank, said that it will be premature to say that the U.S. economy was out of the woods, despite clear signs of a recovery. He told the conference that concern remained about the size of this year's U.S. trade deficit, expected to approach $70bn, and the persistence of high Federal budget deficits, which were likely to absorb 60 to 70 per cent of net private savings over the next five years.

Mr Wolfgang Otto, general manager of Commerzbank, said it would be 1984 before a more substantial upturn develops in West Germany, while Mr Chote Sophonpanich, executive vice-president of the Bangkok Bank, said he was cautiously optimistic for growth prospects in the Far East.

Mr Roger Azar, chairman of Azar SA, said that faced with decline in oil revenues, Middle Eastern countries were likely to reduce both the geographic and currency diversifications of their investments. Liquidity would become of prime importance, he said.

Mr Paul Bareau, economic adviser to the Mirror Group of newspapers, discussed the need for a new Bretton Woods.

FT COMMERCIAL LAW REPORTS

No corporation tax on notional profits from fluctuating exchange rates

PATTISON v MARINE MIDLAND LTD

Court of Appeal (Sir John Donaldson, Master of the Rolls, Lord Justice Griffiths and Lord Justice Dillon): March 4 1983

WHERE AN English bank borrows in dollars and lends in dollars, deriving commercial profit only from the differential between interest paid in dollars and interest received in dollars, it is not liable to English corporation tax in respect of notional profit ascertained by translating the dollars into sterling at a time of fluctuating exchange rates.

The Court of Appeal so held when allowing an appeal by the bank, Marine Midland Ltd, from Mr Justice Vinelott's decision that certain of its dollar transactions were subject to English corporation tax. The judge had reversed a decision of the General Commissioners for the City of London.

* * *

LORD JUSTICE DILLON said that the bank, which was incorporated in England, was a wholly-owned subsidiary of an American company. It provided short and medium term finance, mainly in dollars, in the international banking market.

The bank was not in business to speculate in foreign exchange transactions. It looked for its profits by way of interest differential between amounts lent and amounts received on deposits.

In 1971 the bank issued $15m loan stock to two U.S. companies. The proceeds of the issue were used to make dollar loans and deposits in the ordinary course of its banking business. It later purchased the loan stock, repaying the $15m out of its existing dollar funds. At no time had any part of the $15m been converted into sterling.

The bank maintained a matched book in each foreign currency, to ensure that its monetary assets in a particular currency were equal to the total of its monetary liabilities in that currency. Separate ledgers and a full set of books were used for each currency. All U.S. dollar transactions were therefore recorded in the books in terms of dollars.

As the bank was incorporated and resident in the UK, its accounts for each accounting period were expressed in sterling. For balance-sheet purposes assets and liabilities in a foreign currency were translated into sterling at the spot rate of exchange at the balance-sheet date.

The issue between the parties arose from the Revenue's contention that the bank must translate all foreign currency transactions into sterling at the end of each accounting period.

Over the relevant period sterling had depreciated as against the dollar. So, contended the Revenue, dollar loans repayable in dollars should be treated as having become more valuable year by year because the sterling equivalent of the dollars became greater.

Thus, it was said, the bank made taxable profits on its dollar loans, and its profit and loss accounts should be adjusted to show those profits, even though they were not commercial profits.

The General Commissioners concluded, correctly, that the unrealised appreciation, ascertained by translating dollar assets into sterling, did not form part of the bank's profit assessable to corporation tax.

Mr Justice Vinelott allowed the Revenue's appeal from that decision. He said that a dollar profit was realised on repayment of the loan stock, and it made no difference that none of it was converted into sterling. The bank now appealed against his decision.

It was plain that the bank, in borrowing $15m from the holders of the loan stock, lending the same sum in dollars to other borrowers, recovering $15m from those borrowers in dollars, and repaying the same amount of $15m to the holders of the loan stock, was not making a dollar profit, or any actual commercial profit at all, save for the interest differential.

The profit which Mr Potter claimed that the Revenue could tax was not a dollar profit, but a notional sterling profit, namely the profit which the bank would have made if it had translated into sterling an appropriate amount of the debts due to it in dollars so as to match the amount of the loan stock in sterling. But the bank never did that.

The bank, as any prudent banker would, deliberately set out to avoid risks from currency fluctuations. It did that by matching transactions in each currency and keeping books in respect of its dealings in each currency.

There was nothing wrong in that. There was no reason why the bank should have the risks of currency fluctuations thrust back upon it by being required to convert its matched dollar or other foreign currency transactions into sterling.

The conception that an English company could only carry on its business in sterling was wholly unreal. An English company must convert into sterling the actual profits of its business activities carried on in other currencies. But there was nothing to compel it to translate its foreign currency activities into sterling so as to throw up wholly notional profits by reference to hypothetical sterling equivalents of assets or liabilities which were never payable or expected to be payable in sterling.

The balance sheet of a company operating internationally had to be expressed in a single currency to show its capital worth, and if its share capital was designated in sterling, then that single currency would be sterling. But it was the profit and loss account, rather than the balance sheet, which was relevant to determine taxable profits.

In the present case the only link between the balance sheet and the profit and loss account was that, as was normal practice, the credit or debit balance on trading as shown at the foot of the profit and loss account, was carried to the credit or debit of the bank's reserves in its balance sheet.

There could be no profit or loss, in respect of matched transactions, from fluctuations of currency.

The appeal should be allowed and the Commissioners' determination restored.

LORD JUSTICE GRIFFITHS, agreeing, said that a company did not have to pay corporation tax on profits that it did not make.

The bank borrowed $15m and it paid back $15m, so it made no profit when it paid the dollars back. It used the dollars to make profits by lending at a higher rate of interest than it had to pay for the loan.

It had to pay corporation tax on those profits, and it also had to pay corporation tax on profits arising from buying and selling currency as part of its banking business.

But the Revenue said it must also pay corporation tax on notional profits arrived at by translating the value of the dollars into sterling at the end of each accounting period.

Why should it? Translation was a book-keeping exercise to show the accounts in sterling. The exercise itself did not create a profit.

SIR JOHN DONALDSON, also agreeing, said that he thought that Mr Heyworth Talbot, for the bank, exercised extraordinary restraint in not accusing the Revenue of inventing an artificial accountancy scheme which served no commercial purpose and was designed to create a liability to tax.

Appeal allowed.

For the bank: F Heyworth Talbot QC, John Gardiner QC and Roger C. Thomas (Freshfields).

For the Revenue: D C. Potter QC and Peter Goldsmith (Inland Revenue Solicitor).

By Rachel Davies
Barrister

MINING

Zaire's diamonds return to De Beers

By Kenneth Marston, Mining Editor

WHEN Zaire decided in May 1981 to break away from De Beers' Central Selling Organisation, it felt it would get better prices for its diamonds by making its own marketing arrangements.

For 22 months the country's diamond sales were handled by Mr Jack Lunzer's Industrial Diamond Company of Hatton Garden and the Caddi and Glasoi companies of Antwerp. The arrangement appears to have worked quite well, but nonetheless Zaire is returning to the CSO fold.

One reason is that the CSO claims to offer better price stability than independents—and stability is important in planning mine production.

But a stronger reason may lie in the fact that despite some political objections the big new Western Australian Argyle diamond operation has elected to have the bulk of its output marketed via the CSO, at least until 1990.

Argyle's diamonds are of a similar type to those of Zaire, being mainly in the form of industrial quality material and the smaller and cheaper gems. Within three years Argyle's output is due to be expanded to a huge annual rate of possibly as much as 25m carats.

This dwarfs the Zaire output of 6m carats from the State-controlled Miba mine. So if Zaire had decided to go it alone the country would have faced the daunting prospect of competing with a huge increase in supplies in a market dominated by the CSO.

Zaire's total diamond production is very approximately in the form of 70 per cent industrial stones and 30 per cent gems with the latter contributing some 70 per cent of the total value which is approaching $100m a year.

Half of the output by value comes from the Miba mine. The other half comes from the country's alluvial diggings, some of which are illegally operated by smugglers.

The CSO has now regained the exclusive right to purchase all the Miba mine's output. Although this equals only about 2 per cent of the CSO intake its previous loss to the organisation raised fears that other countries might also break away.

Thus a weakening of the CSO grip at a time when diamonds were—and still are—in heavy oversupply could have led to chaos in a market free-for-all.

Mr Harry Oppenheimer, chairman of De Beers, commented in September, 1981: "I can't pretend that we are pleased that anybody breaks away. It's a bad example." This schoolmasterly admonition was followed up by something stronger.

"I think that you will find," he said, "that over the period ahead people who look at the thing carefully may come to the conclusion that the Zaire experience should be looked upon as a warning rather than as an example."

Gem quality diamonds which account for by far the greater part of the total value of world sales—a record $2.6bn was achieved in 1979—are particularly vulnerable to fluctuations in demand.

So in order to protect the producing mines and the industry in general the late Sir Ernest Oppenheimer created De Beers' Central Selling Organisation in 1934. In essence it seeks a monopolistic control over the marketing of rough (uncut) diamonds and currently handles over 80 per cent of world production.

Diamond smuggling activities based on illicit alluvial diggings cause the country an important loss of revenue and much-needed foreign exchange.

In order to clamp down on the smuggling permission was given for independent diamond dealers to set up local diamond buying offices. They were allowed to give the sellers a more favourable exchange rate for the diamond sales, which are priced in dollars.

These offices will continue in being and will compete for the alluvial production. Thus Mr Lunzer has a continued role in Zaire but he will again come up against De Beers which has also set up a local diamond buying office.

Meanwhile, the CSO continues to hold the world diamond market together through its heavy recession. Diamond sales made by the CSO in 1981 dropped 46 per cent to $1.47bn and although they improved in the second half of last year the total for 1982 was lower at $1.26bn.

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SECTION III CONTENTS

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Wednesday March 9 1983

Unctad seeks to curb influence of multinationals, Page 31

WALL STREET

Tribulations of funding the Treasury

MAJOR institutional investors assessing the prospects for Treasury funding for this month prompted a further decline on U.S. credit markets yesterday. Share prices on Wall Street also continued to lose ground as developments were awaited at the meeting in London of Opec ministers, *writes Terry Byland by in New York.*

The Dow Jones industrial average slipped back a further 14.03 to 1127.71 2pm in active trading. It dropped sharply to close at 1119.76 *down 21.96.*

A further rise in the Federal funds rate to 6.75 per cent at the opening depressed the credit markets, already nervous ahead of a batch of Treasury note issues due next week. Terms are expected to be disclosed today for an issue of two-year notes, the first tranche of a funding programme for the month which has been put as high as $22bn by some forecasters.

The increase in Fed funds, which have risen from 8½ per cent since Friday, was greater than the market was expecting. It will increase the cost to the market of carrying the weight of any Treasury funding, as well as contributing to depress prices in the bond market.

In addition to the prospect of funding by the Treasury, the markets are expecting U.S. industry to seek short-term funds as the economic recovery gathers pace and inventories are rebuilt.

The rates on three-month Treasury bills moved higher in the wake of this week's bill auction. By midsession, the three-month rate stood at 6.22 per cent and the six-month at 6.205 per cent. Quotations were unaffected by a $1.8bn customer repurchase by the Fed.

A statement from Mr Paul Volcker, the Federal Reserve chairman, that reduced inflation remains a key target, proved little help in the market, where it was read as indicating that the Fed may not continue to be a ready supplier of funds.

Trading was restrained at the longer end where the Treasury long bond, the 10⅜ per cent of 2012 opened 1⅜ lower at 97¹³⁄₁₆ and made no recovery.

In the equity sector, prices continued to succumb to profit-taking but underlying confidence remained sound.

Eastern Airlines shaded lower to $9¾ after reporting losses for the past two months. Shares in Alexander and Alexander lost $¼ to $23¾ after the company disclosed a loss for the final quarter of last year.

Small falls were widely scattered among industrials, with IBM lower at $102¾, General Electric an early $1⅛ off at $106⅜ and Exxon $⅜ off at $30⅞.

Johnson and Johnson, still unsettled by a write-off on the Zomax painkilling drug, slipped a further $½ to $45¾ at one stage. But a bright feature was Chock Full O'Nuts, $1⅜ up at $18 on bid hopes.

The weakness of the credit markets was reflected in falls in banking issues.

Forestry stocks provided the main bright spot in **Toronto** after the U.S. Commerce Department ruled that no significant subsidies existed on Canadian lumber imports into the U.S. But weakness in the mining sector, particularly golds, held the market down. Paper and printing issues similarly supplied buoyancy to an otherwise dull **Montreal.**

LONDON

Gulf of uncertainty emerges

THE INABILITY of the Gulf states to agree a new price structure and production quotas tended to dampen investment enthusiasm in London equity markets yesterday. The prospect of further uncertainty prompted a cautious attitude on the part of potential investors.

The UK miners' strike ballot over pit closures was also a restraining influence, but the underlying tone of equities remained firm. Leading shares rarely strayed far from overnight levels, while one or two sectors again showed marked strength. Banks continued to respond impressively to Barclays' better than expected preliminary results.

Barclays firmed 10p more for a two-day rise of 35p at 505p. Midland, which will report annual figures tomorrow, ended 15p better at 375p. Lloyds jumped 25p to 505p and NatWest 20p to 570p.

Lloyd's of London brokers gave ground on profit-taking. Minet, recently the subject of U.S. bid speculation, softened a penny to 122p and Sedgwick 4p to 214p.

The FT industrial ordinary index closed 1.5 off at 664.6.

Gilt-edged securities moved lower as the market became nervous again about sterling as it fell against most leading currencies. Favourable mid-February banking statistics, particularly the minimal increase in money growth, failed to have any lasting impact and quotations settled at the day's lowest.

At the longer end of the market, where interest has centred in the last week or so, high-coupon issues closed with falls of ⅝ which were extended in after-hours trade to a full point. Losses among the shorts ranged to ⅜.

Conditions in oils became sensitive, chipping 6p from BP at 312p and a couple of pence from Shell to 426p ahead of its preliminary results due tomorrow. Lasmo, also reporting tomorrow, shed 10p to 230p on suggestions of a rights issue.

The 10 per cent devaluation of the Australian dollar and the subsequent surge in markets there had little impact.

London-domiciled financials were highlighted by persistent demand for Rio Tinto-Zinc, which moved up 10p to 522p after a much steadier performance by copper prices on the London Metal Exchange. Gold Fields eased 4p to 493p in advance of interim results today.

Golds failed to attract any follow-through buying interest. Heavyweights were highlighted by Southvaal, Vaal Reefs and Winkelhaak, down about £1½ apiece at £38⅞, £67 and £25¼ respectively. *Share information service, Pages 32-33.*

AUSTRALIA

Powerful push

THE DEVALUATION of the Australian dollar gave a powerful upward thrust to stock prices in **Sydney**, most prominently among the big mining concerns, where most export contracts for their products are expressed in U.S. dollars.

But issues in nearly all sectors stood to the good as foreign purchasers moved in to take advantage of the effective 10 per cent discount now on offer. The all ordinaries index advanced 13.7 to 527.1 and the all resources 16.8 to 420.5.

Poseidon rose A$1.45 to A$4.90, GMK a dollar to A$11, Central Norseman and Western Mining 32 cents each to A$8.10 and A$4.32 respectively.

Industrial gains were concentrated on developers and contractors, building material suppliers, chemicals, heavy engineers and transports. **Melbourne** advances outpaced declines by 160 to 25.

SOUTH AFRICA

Golds weaker

SMALL initial mark-ups were eroded through the day in Johannesburg to leave leading golds at their lows, ranging to R1.50 for Kloof at R49.50 and Durban Deep at R38.

Amgold held up well with a R1.25 rise to R127.50 while De Beers slipped five cents to R7.95 after announcing that Zaire is to return to its marketing fold. Industrials performed healthily as buying was reported among major institutions.

FAR EAST

Caution remains the watchword

CAUTION over the continuing Opec oil talks in London, combined with a high level of margin buying, resulted in easier stock prices in **Tokyo** yesterday. The yen's decline against the dollar and selling of blue chips also weighed the market down.

The Nikkei-Dow Jones market average shed 14.17 to end at 8,026.99, on volume of 210m shares, while the Tokyo SE index dipped 0.75 to 591.72.

Drugs and other biotechnology issues eased, with the troubled Meiji Seika – the confectionary concern with pharmaceutical interests – falling a further Y5 to Y537. The Ministry of Health and Welfare has announced an investigation into alleged falsification of clinical test data relating to the company's new digestive drug.

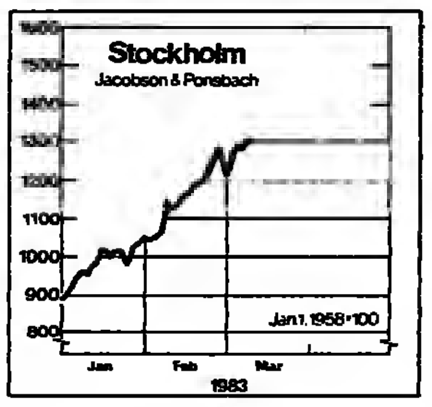
Gold-related mines finished higher in line with the bullion price, with Mitsui Mining and Smelting up Y19 toY592 and Sumitomo Metal Mining Y40 higher at Y1,420. Videotape recorder manufacturers firmed, led by Victor Japan, which rose Y80 to Y2,230, but Sony declined Y30 to Y3,390. Oils fell with Maruzen Oil down Y12 to Y354.

Nippon Steel fell Y3 to Y157, Toshiba was down Y4 at Y322 and Mitsubishi Heavy Industries declined Y2 to Y217.

Prices traded within a narrow range in **Hong Kong**, closing mixed to better in light trading conditions. The Hang Seng index rose slightly after the first hour before moving down by midsession and ending fractionally higher at 1,014.84, up 0.99.

The subdued tone reflected caution about the Hong Kong and Shanghai Banking Corporation's results, which were made public after the market had closed. The bank's results were viewed as an indication of how other companies had performed during the past year. In the event, the bank reported an 11.4 per cent increase in net earnings in 1982 to HK$2.357bn (U.S.$356m) – slightly lower than some expectations.

Singapore also saw share prices close narrowly mixed, in this case on speculative buying support and profit-taking in active selective trading. The Straits Times industrial index rose 0.56 to 839.02.



EUROPE

Election euphoria lingers

EARLY trading in **Frankfurt** yesterday took share prices back from the record levels achieved in the post-election euphoria of Monday. After the bout of profit-taking, however, values climbed again steadily and most closed at their high for the day.

Recent foreign interest in West German equities continued and in electricals Siemens, a favourite of foreign investors, managed to gain DM 2.30 from Monday's close to finish at DM 292.80 for a rise of DM 4.30 on the day.

In chemicals Hoechst recovered from an opening DM 132 to end at DM 133.80, up 70 pfennig on the day, while Schering, which announced a dividend unchanged at DM 10.50 for 1982, shed DM 4 to DM 329.

Banks were generally lower, Deutsche fell back DM 2 to DM 288, Commerzbank was DM 1.70 down at DM 146.80 and Dresdner shed 70 pfg to DM 158.80. Bayernverein went against the trend, adding DM 1.50 at DM 316.

The domestic bond market closed mixed to little changed as dealers waited for a tender acceptance announcement from the Bundesbank on four-year government notes at 6.75 per cent. The central bank later accepted DM 770.8m worth of tenders at a price of 99.2 per cent, for a yield of 6.99 per cent.

Profit-taking was also in evidence in **Paris** and share prices closed mixed. Banks were steady with Bancaire rising FFr 4 from Monday's close to end at FFr 297. Other financials, however, were generally weaker.

Amsterdam saw a quiet day, after recent hectic activity, with share prices mixed to lower. Among internationals Unilever rose Fl 2.80 to Fl 204.80 but Akzo lost Fl 1.10 to Fl 53.20. Banks were lower with ABN down Fl 4 at Fl 357 and NMB Fl 3.50 lower at Fl 136.50. Amro also fell, Fl 1.80 to Fl 52.20.

Dutch bonds were unchanged in very quiet trading, with most dealers expecting the Finance Ministry to announce a new government issue today.

In **Brussels** stocks did not react to the surprise discount rate increase of 2.5 points to 14 per cent by the Belgian Central bank. Shares closed steady after an active session but a downward trend is expected today.

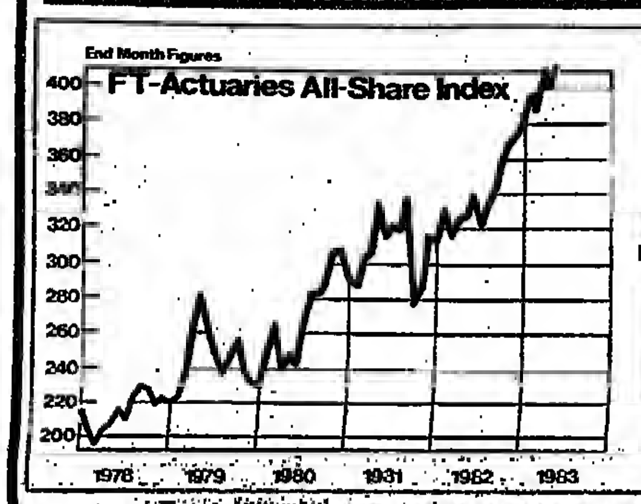
The day's rally was led by oils with Sidro gaining a further BFr 20 to BFr 1,290, Cometra BFr 15 to BFr 1,795 and Petrofina BFr 5 to BFr 4,655. Elsewhere, Kreditbank rose BFr 100 to BFr 5,000.

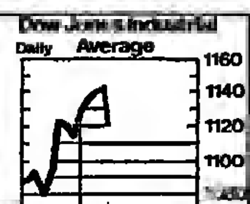
A downward drift in **Zurich** resulted from selling by both foreign and domestic investors as a stronger dollar and rising Eurofranc rates depressed the market. Baer Holding shed SwFr 25 to SwFr 5,250 following Monday's news that Union Bank of Switzerland had bought a 7.4 per cent stake in the company.

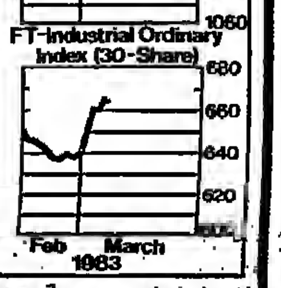
Firmness predominated after a day of heavy trading in **Stockholm** but in engineerings, Alfa-Laval fell SKr 10 to SKr 410 and in minings Boliden declined SKr 5 to SKr 350. In motors Saab Scania ended SKr 4 down at SKr 314. Volvo added SKr 5 to end at SKr 410.

A mixed result emerged in moderate **Milan** trading with losses on profit-taking outnumbering gains on fresh support buying. But in **Madrid**, stock prices rose actively and the bourse index closed 2.15 up at 108.39 – the year's highest level.

KEY MARKET MONITORS







STOCK MARKET INDICES

NEW YORK	March 8	Previous	Year ago
DJ Industrials	1119.78	1141.74	795.47
DJ Transport	504.92*	508.10	314.36
DJ Utilities	128.74*	129.34	107.47
S&P Composite	152.13*	153.67	107.34
LONDON	**March 8**	**Prev**	**Year ago**
FT Ind Ord	664.6	666.1	560.8
FT-A All-share	413.47	413.75	322.71
FT-A 500	447.67	447.97	342.53
FT-A Ind	422.64	422.85	316.46
FT Gold mines	583.4	589.8	209.2
FT Govt secs	80.39	80.76	68.08
TOKYO			
Nikkei-Dow	8026.99	8041.16	7248.47
Tokyo SE	591.72	592.47	541.85
AUSTRALIA			
All Ord.	527.1	513.4	469.5
Metals & Mins.	499.4	470.5	334.6
AUSTRIA			
Credit Aktien	51.15	50.47	54.09
BELGIUM			
Belgian SE	109.25	108.97	93.95
CANADA			
Toronto Composite	2160.8*	2170.00	1567.4
Montreal Industrials	366.96*	368.18	278.82
Combined	358.50*	360.00	256.19
DENMARK			
Copenhagen SE	122.41	123.15	96.98
FRANCE			
CAC Gen	109.1	108.8	105.1
Ind. Tendance	113.6	113.7	116.1
WEST GERMANY			
FAZ-Aktien	279.94	282.32	233.8
Commerzbank	837.2	844.9	710.5
HONG KONG			
Hang Seng	1014.84	1013.85	1125.36
ITALY			
Banca Comm.	205.51	207.24	204.55
NETHERLANDS			
ANP-CBS Gen	117.0	117.5	86.1
ANP-CBS Ind	102.2	102.9	69.5
NORWAY			
Oslo SE	149.50	150.07	105.42
SINGAPORE			
Straits Times	839.02	838.46	697.74
SOUTH AFRICA			
Golds	N/A	807.2	419.8
Industrial	N/A	826.1	606.0
SPAIN			
Madrid SE	108.39	105.24	127.45
SWEDEN			
J & P	1302.06	1299.34	616.02
SWITZERLAND			
Swiss Bank Ind	311.3	314.4	248.7

GOLD (per ounce)

	March 8	Prev
London	$421.50	$421.50
Frankfurt	$418.25	$420.25
Zürich	$419.50	$419.50
Paris	$430.09	$427.77
New York futures (March)	$422.20	$427.00

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR March 8	U.S. DOLLAR Previous	STERLING March 8	STERLING Previous
£	1.5005	1.5175	–	–
DM	2.4015	2.3910	3.60½	3.63
Yen	238.30	236	357¾	358½
FFr	6.8275	6.8270	10.24¼	10.36
SwFr	2.0590	2.0450	3.09¼	3.10½
Guilder	2.6625	2.6390	3.99¾	4.00¼
Lira	1422	1414	2131	2145
BFr	47.39	47.06½	71.15	71.45
C$	1.2245	1.2225	1.8370	1.8555

INTEREST RATES

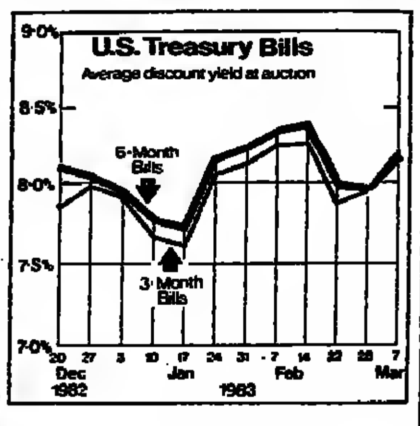
Euro-currencies (three month offered rate)	March 8	Prev
£	11⁷⁄₁₆	11⅛
SwFr	3⅝	3¾
DM	5⅜₆	5⅜₆
FFr	41	35
FT London Interbank fixing (offered rate)		
3-month U.S.$	9³⁄₁₆	8¹⁵⁄₁₆
6-month U.S.$	9¼	9⅛₆
U.S. Fed Funds	9*	8¾
U.S. 3-month CDs	8.65*	8.45
U.S. 3-month T-bills	8.28*	8.18

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT) 8% $100,000 32nds of 100%				
June	75–22	76–13	75–16	76–08
U.S. Treasury Bills (IMM) $1m points of 100%				
June	91.73	91.88	91.67	91.87
Cert Deposit (IMM) $1m points of 100%				
June	91.06	91.29	91.00	91.27
LONDON				
Three-month Eurodollar $1m points of 100%				
June	90.92	90.97	90.80	91.02
20-year Notional Gilt £50,000 32nds of 100%				
June	103–15	103–26	103–10	103–26
Three-month Sterling Deposit £250,000 points of 100%				
June	89.77	89.90	89.78	89.95

LONDON COMMODITY MARKETS

	March 8	Prev
Silver (spot fixing)	702.8p	691.60p
Copper (cash)	£1054.00	£1046.00
Coffee (March)	£1682.50	£1666.50
Oil (spot Arabian light)	$28.32	$28.32



NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 29

هكذا صدر الأصل

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 30

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 28

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
76	52½	VaEl	pf9.68	11.		z120	76	74½	76	+¼
38	19¼	VaEP	pf2.90	12.		5	24⅞	24¼	24⅜	-¼
63¼	48½	VaE	pf7.72	13.		z50	62	61½	61½	-½
59½	45¼	VaEP	pf7.20	12.		z670	58⅛	56½	58⅛	+1⅛
62¼	40	VaEP	pf7.40	13.		z900	60	59	59	-⅝
21¼	11	Vornad				26	20⅛	19¼	19¼	-1
19	7½	Vulcinc				40	10⅝	10⅛	10⅝	
64	38¼	VulcnM	2.44	3.9	13	26	62¼	62¼	62¼	+¼
		W-W-W								
20⅞	15⅛	WICOR	2.14	11	10	24	19⅞	19⅝	19⅝	-¼
44½	30½	WabR	pf4.50	11.		z470	41	40	40	-2

Continued on Page 30

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E-price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

CANADA

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

ITALY

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

LONDON

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Aitken Hume	477	+27
Bibby (J.)	395	−17
Cons. Gold Fields	493	− 4
Erga	490	−37
Fleet Hldgs.	60	− 4
I. C. Gas	177	− 5
MIM	256	− 6
Magnet and Southerns	186xr	− 7
Marshall's Universal	55	− 8
Mellins	180	−14
Sedgwick	214	− 4
W. Mining	247	− 2

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Unilever	18	825	+35
Barclays Bank	27	495	+25
Airship Inds.	12	9pm	—
Bio-Isolates	15	315	−10
ICI	15	386xd	+ 4
Arlen Elec	14	330	+14
Scholes (G. H.)	14	455	+35
Barratt Devs.	13	552	+16
Exco	11	653	+53
NatWest Bank	13	550	+15
Beecham	12	390	+ 8
GKN	12	150	− 9
Lon. & Liv. Tst.	12	418	+ 8
Racal Elec.	11	469	—

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	—	81	16
Corpns. Dom. & Foreign Bonds	7	17	53
Industrials	381	240	708
Financial & Props.	116	127	274
Oils	19	29	62
Plantations	3	2	17
Mines	30	52	69
Others	65	33	62
Totals	621	581	1,261

NEW HIGHS AND LOWS FOR 1982/3

NEW HIGHS (148)

AMERICANS (19)
CANADIANS (4)
BANKS (7)
BUILDINGS (11)
CHEMICALS (3)
DRAPERY & STORES (1)
ELECTRICALS (9)
ENGINEERING (7)
FOODS (2)
HOTELS (1)
INDUSTRIALS (31)
LEISURE (1)
MOTORS (2)
NEWSPAPERS (4)
PAPER (3)
PROPERTY (9)
TEXTILES (4)
TRUSTS (27)
OVERSEAS TRADERS (2)
MINES (1)

NEW LOWS (7)

BEERS (1)
Tomatin
ELECTRICALS (1)
Breville Europe
ENGINEERING (1)
Barro Cons.
INDUSTRIALS (1)
Zygal Dynamics
MOTORS (1)
Bluemel Bros.
OILS (1)
Sovereign Oil
MINES (1)
Central Pacific

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb 28	Mar 11	June 2	June 13
Mar 14	Mar 25	June 16	June 27
Mar 28	Apr 8	June 30	July 11

For rate indications see end of Share Information Service

Calls were taken out in John Brown, Greencoat Properties, Otter Exploration, Sovereign, *Mellins, Spong, Armour Trust,* William Leech, Combined Technologies, UKO, George Wimpey, *Metal Box, London and Liverpool,* Turner and Newall, Kean and Scott, Security Tag.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tue March 8 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon March 7 Index No.	Fri March 4 Index No.	Thur March 3 Index No.	Wed March 2 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (207)	455.65	—	8.70	3.76	14.38	455.40	452.20	451.89	443.66	347.48
2	Building Materials (23)	440.33	+1.4	9.41	4.29	12.84	440.89	438.30	438.59	430.10	325.45
3	Contracting, Construction (30)	810.33	+0.2	10.04	4.08	11.00	808.94	799.35	797.88	784.93	603.26
4	Electricals (32)	1670.89	−0.8	7.22	2.08	17.75	1684.58	1679.34	1682.38	1643.66	1257.73
5	Engineering, Contractors (10)	433.89	+0.6	16.15	6.89	7.58	431.18	429.76	428.07	422.84	502.22
6	Mechanical Engineering (66)	216.31	—	10.48	5.26	11.91	216.31	213.93	212.53	209.97	193.28
8	Metals and Metal Forming (11)	171.86	−0.2	12.62	7.24	9.52	172.25	166.71	166.86	165.83	163.53
9	Motors (18)	94.15	+0.7	8.57	6.64	—	93.48	92.61	92.42	91.13	97.58
10	Other Industrial Materials (17)	425.99	+1.1	8.22	5.02	15.14	421.54	419.35	417.95	411.63	389.54
21	CONSUMER GROUP (200)	422.30	−0.3	9.93	4.23	12.24	423.52	418.66	419.58	416.30	297.36
22	Brewers and Distillers (23)	462.01	−1.6	10.96	4.65	11.14	469.52	464.04	471.82	470.08	297.27
25	Food Manufacturing (23)	349.69	+0.5	13.04	5.37	8.99	347.87	340.67	339.11	337.54	282.32
26	Food Retailing (14)	866.61	−0.1	7.35	2.79	17.11	867.45	862.51	860.70	845.32	606.52
27	Health and Household Products (8)	756.90	+1.0	5.28	2.41	22.44	749.41	741.70	742.60	745.67	586.27
29	Leisure (24)	515.44	−0.1	7.88	4.68	16.59	515.92	508.18	505.69	508.82	441.80
32	Newspapers, Publishing (13)	730.83	+0.1	8.46	4.43	15.76	729.83	715.96	726.83	714.86	509.98
33	Packaging and Paper (14)	164.07	—	14.20	6.83	8.27	164.10	160.67	160.34	157.78	145.44
34	Stores (47)	369.87	−0.4	8.18	3.72	16.20	371.36	364.71	366.73	358.96	267.79
35	Textiles (22)	201.68	+0.3	12.66	5.51	9.46	201.18	199.37	198.48	196.30	173.20
36	Tobaccos (3)	450.54	−1.6	19.44	6.15	5.75	457.90	452.61	461.60	467.13	322.60
39	Other Consumer (11)	386.09	+0.8	1.79	3.65	—	383.16	378.39	377.10	374.13	285.12
41	OTHER GROUPS (79)	332.22	+0.7	9.29	4.93	13.24	330.04	328.93	328.61	328.95	258.24
42	Chemicals (15)	430.85	+1.1	9.24	5.62	13.50	426.34	428.06	428.34	424.62	349.73
44	Office Equipment (6)	104.11	−0.5	8.47	5.18	15.20	104.59	103.92	104.04	102.86	126.76
45	Shipping and Transport (14)	609.81	−0.9	14.01	6.90	8.56	615.11	609.55	610.61	603.06	566.34
46	Miscellaneous (44)	474.16	+0.8	8.37	3.84	14.55	470.36	466.56	464.57	462.59	319.28
49	INDUSTRIAL GROUP (486)	422.64	—	9.42	4.16	13.04	422.85	419.07	419.33	414.58	316.46
51	Oils (14)	719.12	−1.1	17.44	8.04	6.76	727.34	720.72	719.95	709.63	635.17
59	500 SHARE INDEX	447.87	−0.2	10.53	4.69	11.56	447.97	443.95	444.32	438.92	342.53
61	FINANCIAL GROUP (121)	311.21	+0.6	—	5.67	—	309.24	305.05	305.67	305.15	265.09
62	Banks (6)	345.18	+3.4	27.47	6.88	3.95	333.89	323.79	323.92	320.87	298.46
63	Discount Houses (8)	299.10	—	—	8.16	—	298.99	296.86	296.03	294.25	237.61
65	Insurance (Life) (9)	382.78	−0.7	—	5.00	—	385.40	383.39	384.84	390.33	260.55
66	Insurance (Composite) (10)	195.88	−0.7	—	7.37	—	197.23	196.93	197.58	199.61	168.23
67	Insurance Brokers (7)	567.53	−1.3	11.51	4.80	12.30	574.80	572.55	569.00	566.76	406.37
68	Merchant Banks (13)	161.35	−0.4	—	5.32	—	162.08	162.53	161.92	160.59	146.81
69	Property (54)	474.00	+0.7	5.45	3.78	24.25	470.75	464.84	466.87	461.62	463.34
70	Other Financial (14)	244.83	−0.2	11.42	4.82	10.38	244.62	238.36	238.97	237.85	183.58
71	Investment Trusts (109)	412.25	−0.6	—	4.12	—	414.60	415.13	412.89	406.84	298.92
81	Mining Finance (4)	255.19	+0.7	8.85	5.57	16.64	253.35	251.31	253.94	252.10	201.56
91	Overseas Traders (26)	430.10	−0.3	9.31	8.26	15.31	439.58	438.98	437.01	437.00	391.33
99	ALL-SHARE INDEX (750)	413.47	−0.1	—	4.88	—	413.75	410.02	410.21	406.08	322.71

FIXED INTEREST

	PRICE INDICES	Tue March 8	Day's change %	Mon March 7	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	117.02	−0.14	117.18	—	1.97
2	5-15 years	128.44	−0.51	129.10	—	2.45
3	Over 15 years	136.25	−0.57	137.03	—	2.31
4	Irredeemables	144.15	−0.57	144.98	—	1.62
5	All Stocks	127.13	−0.43	127.67	—	2.26
6	Debentures and Loans	101.19	+0.10	101.10	—	1.91
7	Preference	77.65	+0.58	77.20	—	1.81

	AVERAGE GROSS REDEMPTION YIELDS		Tue March 8	Mon March 7	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	9.09	8.97	12.08
2		15 years	10.41	10.34	12.31
3		25 years	10.44	10.37	12.58
4	Medium Coupons	5 years	11.50	11.40	14.07
5		15 years	11.18	11.09	14.15
6		25 years	10.76	10.69	13.69
7	High Coupons	5 years	11.52	11.40	13.96
8		15 years	11.41	11.33	14.36
9		25 years	10.88	10.80	13.95
10	Irredeemables†		10.26	10.20	12.34
11	Debs & Loans	5 years	12.33	12.35	15.16
12		15 years	12.47	12.49	14.99
13		25 years	12.52	12.54	14.94
14	Preference†		12.64	12.72	15.44

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

FINANCIAL TIMES STOCK INDICES

	Mar. 8	Mar. 7	Mar. 4	Mar. 3	Mar. 2	Mar. 1	year ago
Government Secs.	80.39	80.75	80.52	79.76	79.34	79.21	68.08
Fixed Interest	81.87	81.88	81.49	81.18	80.77	80.66	67.94
Industrial Ord.	664.6	665.1	660.5	651.5	651.5	641.6	560.8
Gold Mines	563.4	599.9	579.2	524.1	527.7	570.1	209.3
Ord. Div. Yield	4.82	4.82	4.86	4.86	4.91	4.98	5.51
Earnings, Yld.% (full)	10.19	10.15	10.22	10.21	10.52	10.48	10.35
P/E Ratio (net) (*)	11.92	11.93	11.82	11.89	11.69	11.62	12.45
Total bargains	26,156	24,491	25,775	24,130	24,067	23,078	26,348
Equity turnover £m.	—	215.17	314.82	291.53	246.58	200.58	140.14
Equity bargains	—	20,563	24,365	21,388	19,714	19,275	23,223
Shares traded (m)	—	132.0	197.6	183.0	152.7	115.9	109.5

10 am 667.4. 11 am 665.8. Noon 663.4. 1 pm 664.3.
2 pm 664.0. 3 pm 664.3.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/55. SE Activity 1974.

Latest Index 01-246 8026.
Nil = 11.14.

HIGHS AND LOWS

	1982-3 High	1982-3 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	85.64 (5/11)	61.69 (6/1/82)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.09 (12/11)	62.79 (7/1/82)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	666.1 (7/3/83)	518.1 (5/1/82)	666.1 (7/3/83)	49.4 (26/6/40)
Gold Mines	734.7 (18/2/83)	181.2 (22/6)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 7	Mar. 4
—Daily		
Gilt Edged Bargains	191.5	177.1
Equities Bargains	133.2	157.8
Value	430.9	536.3
5-day Avrge		
Gilt-Edged Bargains	173.7	178.9
Equities Bargains	135.1	136.2
Value	512.0	505.2

NEW YORK AND CANADA

Indices

NEW YORK-DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

MONTREAL

[illegible]

TORONTO

[illegible]

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 29

[illegible]

NEW YORK CLOSING PRICES

Continued from Page 29

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COMMODITIES AND AGRICULTURE

Rubber at three-year high

BY OUR COMMODITIES STAFF

NATURAL RUBBER prices leapt again yesterday taking values to the highest level for more than three years. On the London physical market the RSS No. 1 spot price gained 4p to 78.50p a kilo—up 7.5p from a week earlier—while the May futures market quotation added £47.50 to £781 o tonne.

The earlier rise in natural rubber prices, which have gained more than 50 per cent so far this year, had been attributed mainly to speculative buying based on chart indications. But dealers said yesterday that strong fundamental demand for physical rubber seemed to have taken over as the dominant feature and that the futures market was now being led by physicals.

They thought this was due to a number of factors. Continued withholding of rubber from the market by Malaysia has become more effective as a price support mechanism with the arrival of the wintering season—when tree-tapping is sharply reduced.

At the same time, following bigger Chinese purchases, Soviet and U.S. demand for latex has increased. The U.S. latex demand rise is linked to the rise in building starts which is expected to boost carpet sales later.

Lower sales from Indonesia and Thailand have also encouraged the upward trend.

Farm ministers start Mediterranean talks

BY LARRY KLINGER IN BRUSSELS

THE European Community last night launched marathon talks to try to resolve long-standing differences on Mediterranean farm policy. A solution is vital to negotiations on the planned enlargement of the EEC to include Spain.

The Ten's agriculture ministers have been charged with finding o solution before the next European summit meeting in Brussels in a fortnight.

The farm ministers are faced with a series of difficult and politically linked issues concerning such products as olive oil, fruit and vegetables.

On the key arrangements for olive oil—which, it is variously estimated, could cost the EEC an extra £400m-£900m a year if existing market support rules were applied unchanged—the European Commission has proposed a transition period of up to 10 years.

Ministers are aware that this will only postpone the day of reckoning. However, the commission hopes that, with agreement by member-states to the long transition period, negotiations with Spain will be able to progress, while removing the need to reconsider immediately the current controversial French demand for o tax on competing vegetable oils.

Such a move could have important ramifications in the world's currently tense agricultural trade relations.

The commission hopes that a final solution can be hammered out during the Spanish accession talks in parallel with negotiations under the General Agreement on Tariffs and Trade.

Diana Smith writes from Lisbon: Portugal has rejected a French claim that certain agricultural products — wine, olive oil and fruit and vegetables—should be subject to integration by stages—open-ended transition periods when they would be treated as third-country products.

Storage problems endanger dairy deal

BY NANCY DUNNE IN WASHINGTON

NEGOTIATIONS to sell U.S. dairy products to Egypt have apparently been set back because Egypt lacks storage facilities for the 38,000 tonnes of butter and 12,000 tonnes of non-fat dried milk. Egypt is already said to have tonnes of frozen broilers rotting on its docks.

This month's meeting in Washington between Egyptian and U.S. Agriculture Department officials now seems to be in doubt.

Egypt is said to be interested in reviving sales talks, but for a lesser amount, if Congress passes the export payment-in-kind (Pik) programme, under which exporters would be given government surpluses to lower their sales costs.

If the legislation passes, it will remove a major obstacle to the U.S. making more deals like the sale of wheat-flour to Egypt. It would exempt future Pik exports and blended credit programmes from the U.S. Cargo Preference Law, under which half of all ocean cargo directly or indirectly generated by the federal government must be transported—at higher cost—on U.S. flag vessels.

The Export Promotion legislation passed by the agriculture committee has wide support in the Senate. However, several key Congress members are worried about retaliation against U.S. farm exports to the EEC.

Wool sales deferred following devaluation

THE Australian wool sales at Goulburn, Melbourne and Canberra were deferred yesterday, pending a decision on adjusting the floor price following the devaluation of the Australian dollar, Reuter reports. The Melbourne and Goulburn sales will be held tomorrow.

● POLICYMAKERS from five five major grain exporting countries will meet at the end of April. The meeting, hosted by the U.S. is likely to discuss the huge surpluses and the intense competition for world markets.

● TAX RELIEF for landowners who agree to undertake conservation measures may boost efforts to preserve the countryside. The Association of County Councils is considering whether such a scheme would be cheaper, less bureaucratic and more flexible than the present compensation arrangements under the Wildlife and Countryside Act.

● WORKERS at St Lawrence Sugar's Montreal refinery are on strike.

● HONDURAS will tender 16,000 tonnes of raw sugar. The Honduran Sugar Company says the tender will have two tranches—10,000 tonnes for April shipment and 6,000 tonnes for July.

● SOVIET potato production may reach this year's 89m-tonne target. The U.S. Agriculture Department's Moscow counsellor said the mild winter could lead to a heavier infestation of Colorado potato bugs.

● WORLD cottonseed oil production in the first nine months of this year is expected to decline 3 per cent to 2.34m tonnes from 2.41m tonnes in the same period last year.

● MR PETER WALKER, the Minister of Agriculture, Fisheries and Food, is in Washington. He will discuss trade relationships between the EEC and the U.S.,

Unctad moves to curb multinationals

Developing nations are looking at ways of protecting their export markets. Brij Khindaria reports

DEVELOPING COUNTRIES are to give top priority in their economic plans to increasing exports of processed raw materials and foodstuffs, to offset losses made because of low prices for unprocessed raw materials exports.

This agreement, reached in consultations before the current non-aligned summit meeting in New Delhi, will be included in a joint Third World position being prepared for the sixth United Nations Conference on Trade and Development (Unctad) in Belgrade next June.

The 154-nation Unctad will discuss ways of increasing co-operation between rich and poor countries to boost economic development.

Details of the international measures needed to help developing countries increase processed commodity exports have yet to be worked out fully, but they will be based on suggestions made in Geneva by Unctad's secretariat.

These will supplement talks among major commodity producers and consumers to reach international agreements to stabilise commodity prices.

The main thrust of Unctad's suggestions is aimed at reducing the influence of traditional multinationals, which often control not only the mining or cultivation of raw commodities but also their transport, processing, manufacturing and distribution.

This leaves little scope for smaller and independent newcomers, including government-owned Third World enterprises trying to break into markets.

Increasing exports of processed raw materials are crucial for economic development because they fetch higher prices and encourage industrialisation of producer countries.

Corporate domination is seen as particularly blatant in such commodities as bauxite, tobacco, coffee, bananas, tea and copper, while government subsidies or import barriers protect processing industries in the West for iron and steel, textiles, leather and hard fibres.

One of Unctad's main recommendations is that new Third World traders be treated as equals of the traditional western traders on commodity exchanges, particularly in such cities as London and Chicago.

It suggests creation of internationally agreed rules to be obeyed by all commodity exchanges, ensuring fair treatment for Third World companies and setting minimum standards for services which even new exchanges in developing countries must maintain.

At least $100bn are likely to have to be invested in developing countries before 1995 just to maintain existing processing facilities in minerals alone, before counting the cost of heavy machinery and infrastructure. Increased processing capacities both in minerals and foodstuffs will be even more costly.

Most of the money will have to come from private banks but many developing countries will not be able to raise it because of their low credit rating.

Therefore, a new international resources development finance group should be created, bringing together existing institutions such as the World Bank and regional development banks, whose financial assets may be enough to allow it to borrow cheaply from private markets for relending to commodity producers.

Western nations are asked to sign long-term contracts to buy natural products such as rubber, cotton, wool and jute, which are threatened by artificial substitutes. They are also asked to sign long-term supply contracts with producers of these goods and other natural materials.

They are asked to prepare rules to determine the cost of substitutes, which are usually by products of other petrochemicals and can be easily dumped to drive natural products out of the market.

The burden of the measures as drafted so far falls on industrialised country governments which are asked to:

Pledge not to discriminate against imports of processed goods from developing countries.

Stop giving subsidies to local food processing companies whose exports compete with similar Third World-made products.

Set "targets" for imports by domestic companies and government agencies of processed commodities from developing countries to boost Third World exports.

Create an "international surveillance" mechanism to ensure that raw materials processing technology sold by Western companies to a developing country is relevant to its needs and is not unduly expensive. The UN would arrange to buy technology from companies to sell at lower cost and better terms to needy developing countries.

Offer technical help and training facilities to developing country nationals to negotiate contracts with foreign companies and to successfully market their processed commodities.

Create international rules to control the advertising of processed goods by multinational companies to make it easier for new companies which do not have such large resources to enter the market.

Farmers urged to reduce production costs

BY RICHARD MOONEY

EEC FARMERS should put more effort into reducing production costs rather than increasing yields, suggests a report published yesterday by the Cambridge University agricultural economics unit.

If milk and cereals yields continued to grow at recent rates, higher surpluses would result and far greater disposal costs would be incurred, it warns.

But the report says the future would be more encouraging if farmers could reduce unit costs enough to enable them to compete on world markets with a more modest element of government support.

"The marginal cost of attempting to increase still further physical production to out-manoeuvre rising real costs is likely to be greater than the marginal revenue associated with such an objective," the report's authors explain.

They quote figures charting the long-term decline in real farm incomes. After growing quickly between 1945 and 1957 per hectare incomes fell at a rate of £2.60 a year until 1970.

After achieving "a remarkable recovery" between 1971 and 1978 real incomes fell at an average rate of £4 per hectare annually in the eastern counties of England.

Nickel workers accept contract

FALCONBRIDGE, the world's second biggest nickel producer, has averted a strike at its plant in Sudbury, Ontario.

Mine, mill and smelter workers have ratified a three-year contract by a 72 per cent majority.

Union officials said the contract, which has a re-opener on money issues in a year, was the best that could be achieved. (Agencies)

PRICE CHANGES

In tonnes unless stated otherwise	Mar. 8 1983	+ or −	Month ago		Mar. 8 1983	+ or −	Month ago
Metals				**Oils**			
Aluminium	£810/815		£810/815	Coconut (Phil)	$460y	−2.5	$452.5
Free Mkt	[illegible]	+5	[illegible]	Groundnut	$448.5y	−2.5	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH COMMODITY MARKETS

BASE METALS

COPPER PRICES were firmer on the London Metal Exchange reflecting the strong rally on Comex on Monday evening coupled with short covering: forward metal rose to £1,086, dipped to £1,077 as gold weakened but rallied to close at £1,089 following the late decline in sterling. Other metals were marginally firmer on currency considerations.

COPPER

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grde	£	£	£	£
Cash	1048.5-9.5	−4.75	1053.5-4.5	+8
3 months	1082.5	−5	1086.5-7	+7.25
Settlem't	1049.5	−4.5	—	.....
Cathodes				
Cash	1031.5	−8.25	1038-9	+10
3 months	1061.5-2	−7.25	1068-8	+10.7
Settlem't	1031.5	−8.5	—	[illegible]
U.S. Prod.	—	—	*79-88	.....

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at 1,048.50, 49, three months 1,079, 80, 80.50, 80, 81, 80.50, 80, 80.50, 81, 82, 82.50. Cathodes: Cash £1,031, three months £1,062. Kerb: Higher Grade three months £1,083, 84, 84.50. Afternoon: Higher Grade, three months £1,085, 84, 83.50, 83, 82.50, 84, 84.50, 85, 86, 87, 88.50, 87. Cathodes: Three months £1,068, 69. Kerb: Higher Grade, three months £1,089, 88, 89, 88.50, 89, 88, 87, 89. Turnover, 31,325 tonnes.

TIN

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grde	£	£	£	£
Cash	8880-5	+45	8856-60	+20
3 months	8890-900	+35	8880-8	+20
Settlem't	8885	+45	—	.....
Standard				
Cash	8870-8	+38	8855-60	+20
3 months	8890-5	+33.5	8880-8	+20
Settlem't	8878	+32	—	.....
Straits E.	$522.81	+0.24	—	.....
New York				

Tin—Morning: Standard, cash £8,870, three months £8,890, 95, 90. Standard: Kerb, three months £8,895, 90, 85. Afternoon: Standard, three months £8,888, 80, 85, 82. Standard: Kerb, three months £8,880, 85. Turnover, 1,450 tonnes.

LEAD

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	295.5-4	+1.5	292.5-5	.....
3 months	304.5-5	+5	304.25-4.0	—.5
Settlem't	294	+1.5	—	.....
U.S. Spot	—		.....	.....

Lead—Morning: Three months £305, 06, 05.50, 05, 04.50. Kerb: Three months £304.50. Afternoon: Three months £305, 04.50, 04, 04.50, 06, 04.50, 04, 04.50, 05. Kerb: Three months ... 5, 05.50. Turnover, 5,375 tonnes.

ZINC

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
Cash	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Settlem't	[illegible]	[illegible]	[illegible]	[illegible]
Primw'ts	[illegible]	[illegible]	[illegible]	[illegible]

Zinc—[illegible] 69.50. [illegible] 60.50, [illegible] £461, [illegible]

ALUMINIUM

Aluminm	a.m. Official	+ or −	p.m. Unofficial	+ or −
Spot	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]

Aluminium—[illegible] £903, 02 [illegible] Kerb: Three months [illegible] Three months [illegible] 06, 07, [illegible] Kerb: Three months [illegible] 06.50, [illegible] tonnes.

NICKEL

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −
Spot	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]

Nickel—[illegible] £3,150, [illegible] 55, 50, [illegible] 56, 60. [illegible] £3,170, [illegible] £3,170, [illegible]

* Cents per pound. † On previous unofficial close.

SILVER

Silver was fixed 11.2p an ounce higher for spot delivery in the London bullion market yesterday at 702.8p. U.S. equivalents of the fixing levels were: spot $10.588, up 12.0c; three-month $10.828, up 12.9c; six-month $11.088, up 13.8c; and 12-month $11.507, up 11.1c. The metal opened at 712-715p ($10.78-10.81) and closed at 695-698p ($10.45-10.50).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	702.80p	+11.2	707p	+28
3 months	721.76p	+12.6	726.25p	+27.7
6 months	739.75p	+12.4	—	.....
12 months	778.30p	+12.2	—	.....

LME—Turnover 118 (292) lots of 10,000 ozs. Morning: Three months 720.0, 21.0, 20.0, 22.0, 22.5, 22.0, 21.5, 21.1. Kerb: Three months 723.0. Afternoon: Three months 715.0, 16.0, 18.5, 17.0, 15.5, 25.0, 26.0. Kerb: Three months 726.0, 27.0.

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse 1990/2150.

BISMUTH: European free market, min 99.99 per cent, $ per pound, tonne lots in warehouse 1.50/1.70.

CADMIUM: European free market, min 99.95 per cent, $ per pound, in warehouse, ingots 0.85/0.95, sticks 0.90/1.00.

COBALT: European free market, 99.5 per cent, $ per pound, in warehouse 5.50/5.70.

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse 325/335.

MOLYBDENUM: European free market, canned molybdic oxide, $ per pound Mo, in warehouse 3.80/4.10.

SELENIUM: European free market, min 99.5 per cent, $ per pound, in warehouse 3.35/3.65.

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO_3, cif 82/85.

VANADIUM: European free market, min 98 per cent V_2O_5, cif 1.80/2.20.

Producer list price for selected metals as recorded in Metal Bulletin

ALUMINIUM: World: virgin ingots Alcan, min 99.5 per cent, $ per tonne, cif Hong Kong and Rotterdam 1,750.

BISMUTH: UK: MCP-Peko, 99.80 per cent, $ per pound, tonne lots, ex-warehouse 2.30.

COBALT: World, Zaire: Sozacom, $ per pound 12.50.

NICKEL: World, Inco, melting grade, $ per pound, cif Far East and America, delivered rest of world 3.20. [illegible]

COCOA

After trading actively from the opening futures closed about £10 higher. [illegible]

COCOA	Yest'day's close	+ or −	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

COFFEE

During another quiet session prices traded within a narrow range in rubbed [illegible]

COFFEE	Yesterday's close	+ or −	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

... dealings, reports Drexel Burnham Lambert. Self trades inflated the turnover in a market lacking in news and fresh incentive from a slow physical market.

Sales: 2,291 (1,734) lots of 5 tonnes.

ICO indicator prices for March 7 (U.S. cents per pound). Comp daily 1979 122.04 (122.26); 15-day average 123.40 (123.63).

GRAINS

The market opened little changed and firmed during the morning. Values thereafter declined. New crops remained steady to firmer, Acli reports.

Business done—Wheat: March 133.45-3.30, May 136.45-5.65, July 138.40-7.65, Sept 117.15 only, Nov 119.65-9.50, Jan 122.80-2.75. Sales: 239 lots of 100 tonnes. Barley: March 118.70-9.50, May 120.80-0.50, Sept 110.60 only, Nov 113.55 only, Jan 117.10. Sales: 49 lots of 100 tonnes.

Mnth	WHEAT Yesterd'ys close	+ or −	BARLEY Yest'rd'ys close	+ or −
Mar..	133.30	.....	110.50	−0.25
May..	135.60	−0.35	120.80	+0.40
July..	137.65	−0.35	—	—
Sep...	117.20	+0.15	110.60	+0.20
Nov..	119.50	+0.10	113.65	+0.15
Jan...	128.75	+0.20	117.10	+0.20

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent April 124.00, May 122.75, June 123.00 transhipment East Coast sellers. Maize: French Mar 160.50 transhipment East Coast seller. S. African white April 112.75 seller. Barley: English feed fob Mar 123.00, May 125.00, April/June 125.00, Aug 111.50 East Coast seller. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 120.80, S. West 120.50, W. Mids 120.00, N. West 118.10. The UK Monetary Coefficient for the week beginning Monday, March 14 (based on HGCA calculations using five days' exchange rates) is expected to change to 1.011.

POTATOES

A further fall was seen, with continued April/May switching in good volume. April and May were weak at the close, reports Coley and Harper.

Month	Yesterd'y close	Previous close	Business Done
	£ per tonne		
April	66.50	57.80	67.40-66.00
May	70.20	78.20	71.50-70.20
Nov	58.60	69.20	—
Feb	73.00	78.50	—

Turnover: 868 (468) lots of 40 tonnes.

RUBBER

The London physical market opened steady, traded actively throughout the day and closed firm. Lewis and Peat reported a March fob price for No 1 RSS in Kuala Lumpur of 237.5 (232.5) cents a kg and SMR 20 234.5 (229.0).

No. 1 R.S.S.	Yesterday's close	Previous close	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL

The market opened steady and firmed to show gains of £1.50 on short-covering, reports T. G. Roddick. Trade selling eroded values into the day.

	Yesterday's close	+ or −	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

SUGAR

LONDON DAILY PRICE—Raw sugar £106.00 (same) a tonne cif March-April shipment. White sugar £144.00 (£142.00).

The announcement by Cuba that bad weather had reduced their crop expectations by 1m tonnes lifted prices. The highs were short-lived and although prices quickly fell back there was no follow-through on the downside, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
May	111.85-11.96	113.05-15.10	113.50-11.50
Aug	119.05-19.25	120.20-20.25	120.45-18.75
Oct	125.25-25.50	126.30-26.60	126.25-25.00
Dec	131.00-31.25	132.00-32.25	—
March	140.00-40.25	141.00-41.50	141.50-140.2
May	142.50-44.50	144.00-45.50	—

Sales: 1,025 (1,725) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £405.80 (same) a tonne for home trade and £210.00 (same) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for March 7: Daily price 8.14 (6.11); 15-day average 8.33 (6.36).

INDICES

FINANCIAL TIMES

Mar. 7	Mar. 4	M'th ago	Y'ar ago
851.36	881.01	855.84	248.10

(Base: July 1 1952=100)

REUTERS

Mar. 8	Mar. 7	M'th ago	Y'ar ago
1715.2	1711.0	1875.8	1572.8

(Base: September 18 1931=100)

MOODY'S

Mar. 7	Mar. 4	M'th ago	Y'ar ago
1031.1	1051.2	1068.2	981.5

(December 31 1931=100)

DOW JONES

Dow Jones	Mar. 7	Mar. 4	Month ago	Year ago
Spot	135.27	130.70	146.28	123.02
Fut'rs	141.65	138.09	150.85	128.57

(Base: December 31 1974=100)

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Mar 562.0, 565.0, 565.0-550.0; May 573.5, 574.5, 584.0-570.0; July 585.0, 591.0, 599.0-584.0; Oct 575.0, 577.0, 590.0-569.0; Dec 585.0, 590.0, 599.0-577.0; Mar 592.0, 610.0, 607.0-590.0; May 600.0, [illegible]

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). [illegible]

COTTON

LIVERPOOL—Spot and shipment sales amounted to 22 tonnes. [illegible]

HIDES

HIDES—Birmingham. [illegible]

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. [illegible]

SMITHFIELD—[illegible]

LONDON OIL SPOT PRICES

	Latest	+ or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.25-28.45	—
Iranian Light	26.50-27.40	—
Arabian Heavy	25.20-25.35	—
North Sea (Forties)	27.70-27.80	—
North Sea (Brent)	27.80	—
African (Bonny L'ht)	28.00-28.80	—
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	267-271	−0.5
Gas oil	235-230	−0.5
Heavy fuel oil	155-158	+1.0

GAS OIL FUTURES

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
March	230.50	−4.00	232.00-27.75
April	225.25	−4.00	225.75-20.75
May	217.50	−5.50	220.75-16.00
June	216.20	−5.25	221.50-15.00
July	217.00	−5.00	219.00-15.25
Aug	218.25	−5.25	222.00-19.00
Sept	220.25	−5.25	221.00-19.00
Oct	230.00	−4.00	229.50
Nov	225.00	−1.50	226.00

Turnover: 2,752 (1,304) lots of 100 tonnes.

GOLD MARKETS

Gold closed unchanged at $421-422 on the London bullion market yesterday. It opened at the day's peak of $425¼-426¼, and was fixed at $422¼ in the morning, and $417½ in the afternoon. The metal touched a low of $417-418.

In Paris the 12½ kilo gold bar was fixed at FFr 94,550 per kilo ($430.09 per ounce) in the afternoon, compared with FFr 94,500 ($430.03) in the morning, and FFr 94,850 ($427.77) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,605 per kilo ($423.96 per ounce), against DM 32,440 ($422.01) previously, and closed at $417½-418½, compared with $419½-420½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $425 per ounce, against $421.25.

In Zurich gold finished unchanged at $418-421.

LONDON FUTURES

Month	Yest'rday's close	+ or −	Business Done
	$ per troy ounce		
March	420.50-25.0	+0.550	—
April	424.00-24.9	+1.450	428.50-19.0
May	427.00-28.0	+1.750	
June	429.00-30.5	+1.450	430.00-25.5
July	432.50-34.0	+2.150	—
August	435.00-38.5	+1.750	—
Sept	438.50-41.0	+1.750	—

Turnover: 1,419 (891) lots of 100 troy ounces.

	Mar. 8		Mar. 7	
Gold Bullion (fine ounce)				
Close	$421-422	(£280-280¾)	$421-422	(£277¼-278)
Opening	$425¼-426¼	(£281½-282¼)	$420-421	(£277-277¾)
Morning fixing	$422.25	(£280.157)	$421.25	(£277.558)
Afternoon fixing	$417.50	(£276.949)	$420.70	(£277.540)

Gold Coins Mar. 8					
Krugrnd	$435-436	(£290¼-291)	King Sov	$101-103	(£67¼-68¾)
½ Krug	$224¼-225¼	(£149¾-150¼)	Victoria Sov	$101-103	(£67¼-68¾)
¼ Krug	$114¼-115¼	(£76¼-77)	French 20s	$95¼-97½	(£63½-65)
1/10 Krug	$45½-47½	(£31-31¾)	50 pesos Mex	$511-514	(£341-343)
Mapleleaf	$434-435½	(£289¾-290¾)	100 Cor. Aust	$413-417	(£275-278¼)
New Sov	$99½-100½	(£60½-67)	$20 Eagles	$550-560	(£367-375¾)
½ New Sov	$58¾-60½	(£39¼-40½)			

EUROPEAN MARKETS

ROTTERDAM, March 8.

Wheat—(U.S. $ per tonne): U.S. No. Two Red Winter, April 160.50, May 152, June 146, July 147. U.S. No. Three Amber Durum, April/May 170, June 170, July 172, Aug 173.50. U.S. No. Two Northern Spring 14 per cent, April 168.75, May 168, June 168.50, July 169.50, Aug 171. Canadian Western Red Spring April/May 185.

Maize—(U.S. $ per tonne): U.S. No. Three Yellow, March 137.50, April 135, May 135.50, June 136, April/June 135, July/Sept 136, Oct/Dec 132, Jan/March 138 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports, March 234.60, April 236.90, May 238.25, June 239, July 241.25, Aug 243.50, Sept 245.50, Oct 244.25, Nov 244.25, Dec 247.75, Jan 252.50 sellers.

Soyameal (U.S. $ per tonne): 44 per cent, afloat 204 to 205 (depending on position), March 205 traded; afloat 205.50, March 206.50, April 207, May 210, April/Sept 211.50, Nov/March 228 sellers. Brazil Pellets, afloat 224 traded; afloat 224.50, March 222, April 218, May 218, April/Sept 215 sellers.

PARIS, March 8.

Cocoa—(FFr per 100 kg): Mar 1390/1410, May 1460.50/1464, July 1485 bid, Sept 1525/1530, Dec 1509/1515, Mar 1520/1540, May 1535/1555.

Sugar—(FFr per tonne): May 1555/1558, July 1620/1640, Aug 1645/1648, Oct 1665/1670, Nov 1665/1675, Dec 1730/1740, Mar 1830/1840, May 1890/1905.

AMERICAN MARKETS

NEW YORK, March 8.

THE UNCERTAINTY of the oil market pricing was felt in most markets. Heating oil prices moved lower as guarded statements by Opec countries were offset by the continued militant posture of the Iranians. Precious metals were under some pressure as the markets were concerned about a prospective price war in crude oil; both gold and silver will be in a relatively narrow trading range until the Opec situation is resolved. Copper has been resisting the downside pressure and was trading mostly slightly higher on steady commission house support. Cotton prices declined moderately as trade hedging and local selling overwhelmed persistent commission house buying; liquidation of the March position is likely to result in further downside pressure. Cocoa and sugar prices suffered under arbitrage selling; an additional factor in the sugar market was the lack of cash interest. Coffee was under pressure in the nearby months as roaster demand begins to taper off seasonally. Grains and soyabeans were influenced by declining metals prices and the strength in the dollar; the selling by local and commercial traders accelerated into the close, reported Heinold Commodities.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
March	1793	—	—	1812
May	1848	1853	1831	1867
July	1877	1880	1854	1881
Sept	1894	1894	1876	1909
Dec	1914	1903	1903	1929
March	1942	1932	1926	1954
May	1967	—	—	1979
July	1977	—	—	1989

COFFEE "C" 37,000 lbs, cents/lb

	Close	High	Low	Prev
March	123.75	124.60	123.50	124.56
May	121.06	121.70	130.80	121.88
July	115.77	120.50	119.75	120.54
Sept	118.80	118.25	118.90	115.13
Dec	115.01	115.05	115.00	116.01
March	113.11	113.75	113.75	113.75
May	110.75	111.00	110.75	111.50
July	108.00	108.50	108.00	108.00

COPPER 25,000 lbs, cents/lbs

	Close	High	Low	Prev
March	72.65	73.10	72.00	73.60
April	73.06	73.00	73.00	73.00
May	73.80	74.25	73.25	73.70
July	75.10	75.50	74.50	74.95
Sept	70.35	76.80	76.90	70.20
Dec	77.85	78.30	77.30	77.70
Jan	78.35	—	—	78.20
March	78.35	79.80	78.80	78.10
May	80.35	80.80	78.80	80.10
July	81.35	81.70	80.60	81.10

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	72.10	72.15	71.24	72.00
May	71.45	71.45	70.30	71.22
July	70.47	70.90	69.33	70.60
Oct	69.40	69.50	68.95	69.60
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	High	Low	Prev
May	5.32	8.40	8.25	6.4[illegible]
July	8.57	8.67	5.49	6.7[illegible]
Sept	6.89	7.00	5.88	7.0[illegible]
Oct	7.13	7.24	7.07	7.2[illegible]
March	8.13	8.27	8.06	8.2[illegible]
May	8.41	8.50	8.35	8.5[illegible]
July	8.60	8.80	8.71	8.7[illegible]

CHICAGO

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	High	Low	Prev
April	65.42	65.90	65.30	65.50
June	65.67	66.00	65.45	65.70
Aug	63.75	64.10	63.60	64.02
Oct	61.65	61.90	61.55	61.85
Dec	62.80	63.07	62.55	62.85
Feb	62.85	62.85	62.75	62.75

LIVE HOGS 30,000 lbs; cents/lb

	Close	High	Low	Prev
April	52.20	52.35	51.35	51.62
June	55.07	55.30	54.10	54.42
July	55.20	55.35	54.35	54.70
Aug	53.20	53.45	52.50	52.72
Oct	48.32	48.47	48.00	48.17
Dec	48.15	48.17	47.60	47.90
Feb	47.60	47.95	47.80	47.60
April	46.70	46.60	46.60	46.62
June	45.70	45.70	45.70	45.50

MAIZE 5,000 bu min; cents/56lb-bushel

	Close	High	Low	Prev
March	276.0	278.4	276.0	279.4
May	286.2	287.8	285.6	288.4
July	291.2	293.0	291.0	293.8
Sept	287.4	288.8	287.2	290.2
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lbs; cents/lb

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEANS 5,000 bu min; cents/60lb-bushel

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons; $/ton

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lbs; cents/lbs

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SPOT PRICES—Chicago loose lard [illegible] (same) cents per pound. Handy and Harman silver bullion [illegible] New York tin [illegible] per pound.

FT LONDON SHARE INFORMATION SERVICE

LOANS—Continued

Financial

Building Societies

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked & Variable Rate

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

81¼	53¾	Do. 6¾pc 90-92	74¾	+¼	8.84	10.93
89	67½	Herts 6½pc 1985-87	85½	-⅛	7.89	10.98
116	85	Leeds 13½pc 2006	116	....	12.23	12.15
100⅛	87½	Liverpool 9¼pc '80-84	98⅝	....	9.89	11.00
31½	21½	0. 3½pc Irred.	28¼	....	12.26	—
104⅝	95½	Lon Corp. 13½pc '83	101⅞	-⅛	13.08	11.16
99¼	82¼	Do 9½pc '84-85	97	-¼	9.54	10.61
94	78¼	LCC 5½pc '82-84	94	....	5.05	10.33
84⅞	64¼	Do 5½pc '85-87	81¼	-¼	6.73	10.97
87	56	Do 6¾pc '88-90	79½	+¼	8.61	11.11
26¼	19½	Do 3pc '20 Aft	24¾	....	12.33	—
104½	90¼	Sunderland 12¾pc 1984	101¼	-¼	11.10	11.37

COMMONWEALTH AND AFRICAN LOANS

98⅞	85¼	Aust 6pc 1981-83	97¼	....	6.24	11.58
83¼	57	N.Z. 7½pc 1988-92	75½	....	9.77	11.90
43½	74¼	Do 7½pc '83-86	91	....	8.40	11.99
167	136	S Rhod 2½pc Non-Ass	162	....	—	—
80	58	Do 3½pc 80-85 Assd	76xd	....	4.61	13.40
55	32	Do 4½pc 87-92 Assd	46	....	10.51	17.00
402	318	Zimbabwe Ann (£100ba)	370	....	—	19.45

LOANS

Public Board and Ind.

77½	57¼	Agric. Mt. 5pc '59-89	75½	....	6.70	11.13
38	24¼	Met. Wtr. 3pc 'B'	33½	....	8.95	11.50

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS—Continued

Hire Purchase, Leasing, etc.

BANKS, H.P. & LEASING

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
282	182	ANZ SA1	205	-5	028c	3.1	7.8	4.1
315	205	Alexanders D. £1	283		20.0	—	10.1	—
£90½	£48	Algemene Fl 100	£90¼	-¼	v026%	ϕ	7.2	ϕ
100	75	Allied Irish	108	+3	045.3%	4.0	9.6	3.3
164	85	Ansbacher (H) 15p	85		3.5	—	5.4	—
285	200	Bk. Ireland £1	285	+5	‡29.4%	—	9.4	—
3½	2	Bank Leumi	2½		—	—	—	—
•227	130	Bk. Leumi (UK)£1	150xd		10.15	—	4.7	—

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued.

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
64	15½	Inter-City 20p	32	..	—	—	—	—
197	158	[illegible] Tech Sys 20p	176	+1	u4.0	1.8	3.3	24.4
210	145	Jacksons Bourne	180	−5	5.0	3.1	4.0	11.7
32	19	James Inds. 10p	25½	+1	1.25	1.9	7.6	9.8
180	105	♦Jardine M HK$5	150	..	Q92c	2.3	6.0	7.5
48	13	Jenks & Cattell.	20	−1	21.0	—	5.1	—
308	187	Johnson Clves.	305	+7	♦†7.7	2.3	3.6	17.0
340	227	Johnson Mthy. £1	317	..	10.0	1.9	4.5	(13.9)
278	98	Johnston Grp. 10p.	278	+3	4.0	6.2	2.1	11.8
94	64	Jourdan (T.) 10p.	94	..	5.25	0.6	0.0	(32.0)
48	35	Kalamazoo 10p	41	..	2.5	0.9	9.0	17.7
212	135	Kelsey Inds.	200	..	8.0	2.7	5.7	13.8
310	110	Kershaw (A.) 5p	125	..	15.0	♦	17.1	♦
55	36	Kleen-E-Ze Hldgs.	48	..	13.0	8.2	8.9	—
*66½	42½	L.C.P. Hlds	60	−1	3.6	0.6	0.6	(35.1)
110	39½	L.R.C. Int. 10p.	108	+1	t3.1	2.0	4.1	18.2
24	16	Lamont Hldgs. 10p	22	+½	1.2	1.8	0.0	8.1)
46	26	Lawtex	26	..	—	—	—	—
440	277	Lep Group 10p.	410	..	17.5	1.7	6.1	(20.0)
57	22	Lilleshall 10p	24	..	‡2.5	—	‡	—
700	39	Lon. & Liv. 10p	410	−5	†2.45	2.4	0.9	59.7
116	78	London & Mid'd.	115	..	7.75	1.1	9.6	(13.0)
63	36	Lon. & Nthn. Grp.	63	+1	†3.75	2.1	8.5	6.7
43	23	‡Lon. Prv. Health	37	..	—	—	—	18.5
10	3½	Long Hmbly. 10p.	7½	..	B—	—	—	—
65	36	Longton Inds.	50	..	1.0	—	2.9	—
195	55	Low & Bonar 50p	84	..	†7.0	0.6	11.9	(38.4)
27½	14	M.Y. Dart. 10p.	20½	..	‡h1.21	—	‡	—
242	105	M'c'rthy Ph. 20p	158	−2	7.0	2.5	6.3	7.8
146	48	Macfarlane Gp.	146	+1	†h3.2	2.5	3.1	16.6
49	28	Macleltan 20p	45	+1	d1.43	1.4	4.5	(19.0)
86	40	Macpherson (D.)	59	..	4.2	♦	10.2	♦
62	41	Magnolia Group	52	−1	2.3	3.9	6.3	5.5
135	57	Man. Ship Can. £1	125	+2	3.5	—	4.1	—
65	35	Marley	65xd	+1	2.5	♦	5.5	♦
51	29	Marling Ind. 10p.	37	..	1.08	6.7	4.2	3.8
49	25	Marshall L'ey. 'A'	25	..	2.8	1.9	16.0	(4.0)
88	44	Marshall's Univ	52	+1	0.1	—	0.3	—
37	21½	Martin-Black	24	−½	—	—	—	—
£143	£97	♦Medeson 7¼%	£117	..	Q7¼%	2.3	f6.7	—
196	132	Metal Box £1	192	..	11.55	1.2	8.6	(13.2)
130	106	Metal Closures.	131	+1	5.7	2.6	6.2	7.0
21	8½	Metamec Jentique	11	+1	0.5	—	6.5	—
*47½	3½	Mettoy	26	−1	—	—	—	—
42	4	Do. Defd.	24	−1	—	—	—	—
86	60	Midland Inds Gp.	81	..	d4.0	2.1	7.1	9.6
56	17	Moben Grp 1p	56	+1	—	—	—	14.3
£195	£103	M'santo Spc B2-6	£195	..	Q5%	—	f2.6	—
129	75	Morgan Crucible	96	..	7.5	1.2	11.2	(10.5)
62	44	Moss (Robt.) 10p	56	+1	†1.8	2.4	4.6	11.1
203	149	‡NMW Computers	203	+13	h3.0	2.8	2.1	21.5
53	38	Nash Inds.	50	..	4.0	1.7	11.4	(6.2)
*36	9	Neil&Sp'ncer10p	16	..	—	—	—	—
65	23	New Equip 10p.	63	..	1.05	5.4	2.4	11.1
47	30	Nolton	32½	..	20.6	—	2.7	—
142	87½	Norcros	139	+1	†5.88	2.1	6.0	9.2
61	29½	Nu-Swift 5p.	60	..	2.14	—	5.1	—
125	93	Oakwood Grp.	114	..	d6.5	2.1	8.1	8.5
470	215	Office & Elect.	270	..	7.5	3.3	4.0	10.8
865	595	Oriflame Intl SA	865	+25	Q50c	♦	3.9	♦
20	13	Overstone 12½c	19	..	Q3c	2.7	9.3	4.0
£106	£62½	Ozalid Fin. Cv.	£103	..	Q9%	—	f8.9	—
71	39	P. H. Industrials	71	..	‡5.0	2.5	10.1	3.1
222	115	Parker Knoll 'A'	222	+3	7.5	2.4	4.9	11.1
304	184	Pauls & Whites.	264	−3	†7.5	3.3	4.1	5.0
294	204	Pearson (S.) & Son	274	−1	11.2	3.4	5.8	5.6
43	4½	Peek Holdings	34	−1	—	—	—	—
97	83	Peerless	85	..	6.5	0.9	10.6	(30.7)
64	51½	Pentland 10p	63	..	†h1.63	4.1	3.7	7.5
120	48	Pentlow 10p	115	..	—	—	—	—
37	0	Pentos 10p	15	..	B—	—	—	—
29	17	Phillips Patents	20	..	1.0	2.4	7.1	(6.7)
510	430	Photo-Me 50p	495	..	9.45	5.5	2.7	8.4
300	142	Pilkington Br. £1	207	+3	10.5	2.1	7.2	7.6
£136	£52	Pitn'y Bowes La.	£135	..	Q5¼%	♦	4.2	—
32	24	Plastic Coat. 10p.	31	..	d2.17	0.6	10.0	(16.3)
*13½	5½	Platignum 5p	10	..	0.01	—	—	—
£35¼	314	Polly Peck 5p	£36½	+½	♦d15.3	5.6	1.3	14.3
59	18	Polymark 10p	20	..	—	—	—	—
125	85	Do.Cv.Cv.Rd.Pf. [illegible]	90	..	10%	—	15.9	—
590	500	Portals	550	..	†14.0	3.6	3.6	8.2
280	218	Powell Duff. 50p.	234	..	14.25	1.8	8.7	(7.2)
[illegible]								

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
18½	15	GRA Group 5p	15½	..	—	—	—	♦
62	32	Grampian TVA 10p.	47	..	†3.25	3.0	9.9	3.8
172	107	HTV Non/Vtg.	162	−1	11.0	2.0	9.7	7.2
234	139	Horizon	198	..	†h3.0	5.3	2.3	11.9
151	90½	Intasun 10p	124	..	3.5	4.8	4.0	6.3
182	112	LWT "A"	160	+1	11.08	1.4	9.9	12.9
247	116	‡Leisure Inds.	223	+8	♦6.0	5.0	5.8	10.6
152	64	Leisuretime Int 10p.	144	..	1.54	♦	1.5	♦
132	80	Magnet, Ag. M. 10p.	110	..	8.75	1.6	11.4	8.0
67	54	Medminster 10p	59	..	4.0	0.8	9.7	18.6
275	85	‡Nimslo Int 20c	85	..	—	—	—	—
85	33	Norton & Wrt. 10p	70	..	†t2.0	0.5	3.7	—
28	14	‡Owners Abroad	27	..	u0.35	4.6	1.8	16.7
65	41	Photax (Lon.)	41	..	‡3.5	3.8	‡	2.6
153	80	‡Pineapple Dnce [illegible]	135	+12	u0.5	2.1	1.6	33.3
570	149	Pleasurama 5p	568	−2	7.5	4.5	1.9	16.9
124	88	‡Radio City 'A' NV	124	+1	g5.6	1.6	6.4	13.4
*160	82½	Riley Leisure 10p	149	−1	24.1	1.7	5.9	22.4
179	84	Saga Hols. 20p.	90	..	d3.75	—	5.9	—
445	125	Samuelson 20p.	410	..	♦d12.0	2.8	4.3	14.1
107	76	Scott. TV 'A' 10p	97	..	†7.0	3.8	10.3	3.6
70	21	‡SelecTV 10p	54	..	—	—	—	—
18	13	TSW 5p	15½	..	0.9	5.3	8.3	5.2
52	28	‡TVS N/Vtg 10p	34	..	—	—	—	—
100	55	Trd'nt TV 'A' 10p	85	+3	4.26	1.4	7.2	14.6
215	92	♦21st Century Dist	147	..	—	—	—	—
27½	15	Webb (Jos.) 5p.	18	..	d0.51	0.3	4.1	—
93	69	Zetters 5p	80xd	..	2.75	2.9	4.9	10.1

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
33	12	B.L. 50p	27	..	—	—	—	—
62	38	‡Coleman Milne 10p	59	..	u1.5	5.2	3.6	(9.5)
208	95	Gen. Mts. Units	203	..	Q12c	—	4.0	—
247	121	Honda Motor Y50.	224	+1	tQ22%	8.4	1.4	23.5
40	14	Lotus Car 10p	34	+1	—	—	—	—
34	7	‡Reliant Motor 10p.	22	..	—	—	—	5.9
£36½	£12½	Volvo Kr50	£36½	+1½	uQ20%	♦	2.4	♦

Commercial Vehicles

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
50	30	E.R.F. (Hldgs.).	35	..	0.1	—	0.4	—
165	124	Plaxtons (GB)	163	..	0.3	1.4	7.4	12.8
[illegible]								

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

1982/83 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
154	86	North Brit. Props.	115	+1	3.1	0.9	3.8	(45.7)
56	27	Parkdale Hldgs. 10p	36½	+½	0.4	4.3	1.6	20.1
163	119	Peachey	157	−1	5.25	2.1	4.8	14.3
9	2	Premier Com. 10p.	2¼	..	♦—	—	—	—
63	25	Phoenix Prop. and Fin.	31	−1	—	—	—	—
164	118	Prop. Hldg. & Inv.	160	+4	t3.85	1.5	3.4	28.8
283	210	Prop. Part'ship.	280	..	†5.6	1.7	2.9	29.8
170	130	Prop. & Rev.	156	..	3.3	1.4	3.0	33.6
144	93	Prop. Sec. Inv 50p	120	..	t2.25	3.7	2.7	(9.8)
11	7½	Raglan Prop 1p	7½	..	—	—	—	6.5
64	42	Regalian	50	..	1.0	4.7	2.9	8.4
186	131	Regional Prop.	186	+8	†2.5	2.0	1.9	37.9
247	160	Rosehaugh £1	247	+7	2.45	7.3	1.4	10.1
238	152	Rush & Tompkins	194	+2	†4.25	3.1	3.1	(11.4)
111	82	Samuel Props.	105	..	d4.6	1.7	6.3	12.3
$33½	$24	Sealmark Holdings NV	$33½	..	Q52.30	1.2	6.8	11.9
86½	70	Scot. Metrop. 20p.	79	..	3.5	1.1	6.3	21.1
71	38	Second City 10p	70½	−½	♦2.22	2.0	4.5	(13.2)
20	16	Sheafbank Prop.	17	..	—	—	—	—
13	8	‡Sheraton Secs. 10p	9¾	..	—	—	—	—
114	82	Slough Ests.	106	..	†3.39	1.8	4.5	(18.2)
£265	£180	Do.10%Conv.'90	£229	+1	Q10%	25.5	f4.4	—
£120	£88	Do. 8% Cnv. 91-94	£108	..	Q8%	7.2	f7.4	—
174	117	Speyhawk	158	..	d7.0	2.4	6.3	7.6
141	104	Standard Secs.	130	..	g2.8	1.6	3.1	26.0
85	19	Stewart Nairn Grp	67	−1	—	—	—	—
343	250	Stock Conversn.	298	+3	4.5	3.0	2.2	22.0
78	54	♦Sunrise Props HK$1	63	..	Q48c	3.2	7.5	4.2
160	70	♦Thames Inv. & Secs. £1	93	..	5.18	1.5	8.0	(11.6)
135	75	‡Do. 12pcCv.Pf. 75p	84	..	12%	7.8	15.3	—
70	16	‡Taps Estates 10p	50	..	—	—	—	—
48	36	Town Centre	48	..	1.0	1.4	3.0	34.9
33¼	26¼	Town & City 10p.	30	+½	♦0.7	7.1	3.3	—
175	136	Do. 7pc Cnv. Cum. Pf	157	+3	7%	—	6.4	—
144	124	Trafford Park.	136	+4	8.25	1.4	8.7	10.3
31½	13½	Trust of Prop. 5p.	22	+2	0.31	1.1	2.0	66.1
110	64	Trust Secs. 10p	99	..	‡1.97	6.9	2.8	—
106	61	Do. Defd. Conv.	96	..	—	—	—	—
470	368	Utd. Real Prop.	395	..	†6.0	1.1	2.2	58.8
44	34½	Walker (Alfred) 10p	44	..	b0.75	5.3	2.4	8.2
383	272	Warner Estate.	383	+1	9.0	1.1	3.4	40.4
410	363½	Warnford Inv. 20p	380xd	..	12.0	1.6	4.5	17.4
£31	£18⅝	Wereldhave DFL20.	£30½	−¼	vQ35%	1.0	5.2	19.4
87	68	W'ster. & C'ty P.	85	..	5.0	2.6	5.4	(5.1)
35	21	W'minster P. 20p	29	..	0.63	0.9	3.1	(54.9)
34	19½	Whittington Ests. 5p.	32	+½	0.07	♦	0.3	♦
95	71	♦Wingate Prop Inv.	95	..	b1.5	1.6	2.3	40.2
[illegible]								

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

Finance, Land, etc.

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL AND IRISH STOCKS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Pound at record lows on Opec fears

Sterling fell to record lows in currency markets yesterday mainly as a result of continued uncertainty surrounding the Opec talks. The weaker trend continued in early New York trading where a level of $1.4950 was quoted. The Bank of England was probably active in support of sterling, holding the level around $1.50. The pound's fall was not confined to the dollar and it finished at a record low against the D-mark as well.

The dollar's firmer trend was underpinned by high U.S. Federal funds rates and little hope of an imminent cut in U.S. interest rates.

The Italian lira lost ground sharply within the EMS and the Belgian franc was fixed at its floor level against the D-mark despite central bank support and an increase to 14 per cent from 11½ per cent in the Belgian discount rate.

The French franc was a little steadier in spot trading, helped by very high Euro-currency rates but continued to weaken sharply in the forward market.

STERLING—Trading range against the dollar in 1982-83 is 1.9265 to 1.5005. February average 1.5735. Trade weighted index 79.6 against 79.5 at noon and 79.6 at the opening and compared with 79.6 on Monday and 91.7 six months ago. Sterling has been steadier in recent days but is still weak and vulnerable because of uncertainty about world oil prices. Falling inflation, a decreasing budget deficit, and good trade figures until recently have tended to be ignored.

Sterling fell to a low of $1.4990 in London, having touched a best level of $1.5120. It closed at $1.5000-$1.5010, a fall of 1.7c. Against the D-mark it finished at DM 3.6050 from DM 3.6300 and SwFr 3.0925 from SwFr 3.1050, FFr 10.2425 from FFr 10.36 and Y357.75 from Y358.5.

DOLLAR—Trade weighted index (Bank of England) 121.0 against 121.9 six months ago. The dollar has shown renewed strength as a safe haven for funds during a period of extreme uncertainty about the effects of falling oil prices on other currencies. U.S. interest rates have not fallen as sharply as once expected, partly because of the high level of Federal funding.

The dollar rose to DM 2.4015 from DM 2.3910 against the D-mark and SwFr 2.0590 from SwFr 2.0450. Against the yen it rose to Y238.30 from Y236.0 and FFr 6.8275 from FFr 6.8270.

D-MARK — Trading range against the dollar in 1982-83 is 2.4940 to 2.2410. February average 2.4260. Trade-weighted index 130.0 against 125.1 six months ago. A right-wing victory in West Germany's general election was largely anticipated by much of the market and emphasis is now likely to switch to hopes of lower German interest rates and increased strains within the EMS as pressure grows on the weaker members.

The D-mark eased slightly against the dollar and French franc at the Frankfurt fixing, but gained ground against most other major currencies. The Belgian franc was fixed at its lowest permitted level within the EMS of DM 5.0740 per 100 francs, despite the increase in the Belgian National Bank discount rate. This compared with DM 5.0750 on Monday, and was only after the Bundesbank had given further help of BFr 192m to the franc at the fixing. The French franc was slightly firmer at DM 35 per 100 francs, compared with DM 34.695.

ITALIAN LIRA — Trading range against the dollar in 1982-83 is 1,480.75 to 1,196.00. February average 1,397.86. Trade weighted index 52.3 against 53.5 six months ago. Italy's high inflation and economic problems are now coming to the fore as pressures mount within the EMS.

The lira weakened sharply at the Milan fixing. In heavy trading the D-mark touched a record high of L595, and was fixed at L592.75, compared with L586.20 on Monday. The Dutch guilder which may also be re-valued with the D-mark against weaker EMS currencies rose to L535.63 from L529.72.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9704	44.7389	−0.51	+1.28	±1.5501
Danish Krone ...	8.23400	8.16989	−0.78	+1.01	±1.6430
German D-Mark	2.33379	2.27012	−2.73	−0.94	±1.0888
French Franc ...	6.01387	6.47524	−2.10	−0.31	±1.3940
Dutch Guilder ...	2.57971	2.51577	−2.48	−0.69	±1.5004
Irish Punt ...	0.691011	0.685508	−0.80	+0.99	±1.6691
Italian Lira ...	1350.27	1346.24	−0.30	+0.54	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Mar. 8	£	$		£ Note Rates
Argentina Peso	93,097-93,207	61,880-61,000	Austria	90.26-26.55
Australia Dollar	1.7000-1.7690	1.1710-1.1725	Belgium	75.50-70.00
Brazil Cruzeiro	581.45-585.45	386.71-388.64	Denmark	12.93-13.05
Finland Markka	8.0776-8.1070	5.3860-5.3880	France	10.26-10.41
Greek Drachma	124.260-127.620	85.90-85.70	Germany	3.59½-3.93¼
Hong Kong Dollar	9.85-9.85¼	6.6240-6.6280	Italy	2115-0165
Iran Rial	127.70*	84.00*	Japan	357-369
Kuwait Dinar (KD)	0.4085-0.4395	0.29206-0.29215	Netherlands	3.97½-4.01½
Luxembourg Fr.	71.10-71.20	47.38-47.40	Norway	10.74-10.84
Malaysia Dollar	3.4350-3.4440	2.2870-2.2890	Portugal	145-105
New Zealand Dlr.	2.2720-2.3100	1.5290-1.5010	Spain	188-904½
Saudi Arab. Riyal	5.1700-5.1755	3.4400-3.4410	Sweden	11.17-11.97
Singapore Dollar	5.1280-3.1506	2.0840-2.0865	Switzerland	3.07½-3.10½
Sth. African Rand	1.6330-1.6346	1.0885-1.0895	United States	1.40¾-1.81¾
U.A.E. Dirham	5.5190-5.5950	3.0720-3.6736	Yugoslavia	121-195

*Selling rates

CURRENCY MOVEMENTS

Mar. 8	Bank of England Index	Morgan Guaranty Change %
Sterling	79.6	−40.5
U.S. dollar	121.0	+11.1
Canadian dollar	90.8	−16.0
Austrian schilling	122.2	+31.4
Belgian franc	94.7	−1.0
Danish kroner	85.0	−10.1
Deutsche mark	130.0	+56.4
Swiss franc	148.8	+102.7
Guilder	120.0	+27.7
French franc	74.8	−18.5
Lira	50.5	−58.5
Yen	144.1	+38.4

Based on trade weighted changes from Washington agreement December 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

Mar. 8	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.720501	0.630148
U.S. $	8½	1.09084	0.948059
Canadian $	0.32	—*	1.16090
Austria Sch	4¾	19.3567	15.9653
Belgian F	14	51.4110	44.7389
Danish Kr	10	9.58198	8.10989
D mark	5	2.60983	2.27012
Guilder	4	2.89345	2.51577
French F	9½	7.45862	6.47524
Lira	18	1544.06	1346.24
Yen	5½	257.656	225.545
Norwgn Kr	9	7.79296	6.77950
Spanish Pta	—	143.282	124.022
Swedish Kr	9	8.10985	7.05734
Swiss Fr	4½	2.23480	1.94515
Greek Dr'ch	20½	91.1943	79.4567

* CS/SDR rate for March 7, 1.33542.

THE POUND SPOT AND FORWARD

March 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4990-1.5120	1.5000-1.5010	0.33-0.28c pm	2.44	0.82-0.77 pm	2.12
Canada	1.8355-1.8475	1.8365-1.8375	0.28-0.18c pm	1.50	0.78-0.68 pm	1.59
Nethlnd.	3.98½-4.02	3.99¼-4.00¼	2¾-2¼c pm	7.13	6⅞-6⅜ pm	0.63
Belgium	70.90-71.45	71.10-71.20	75-90c dis	−13.91	100-120 dis	−6.18
Denmark	12.96-13.04	13.00-13.01	4¼-5¼ore dis	−4.32	10¾-12¾dis	−3.52
Ireland	1.0870-1.0940	1.0880-1.0900	0.32-0.43p dis	−4.13	0.85-1.02dis	−3.43
W. Ger.	3.59½-3.63	3.60-3.61	2¼-1¾pf pm	6.66	5⅞-5⅜ pm	0.24
Portugal	139.50-143.00	139.50-141.50	525-1300c dis	−77.93	800-2325dis	−44.48
Spain	197.00-198.80	197.40-197.70	105-160c dis	−5.05	475-580dis	−10.48
Italy	2,127-2,143	2,130-2,132	35-40 lire dis	−21.12	69½-74½dis	−13.51
Norway	10.74-10.81	10.76-10.77	1¾-2¼ore dis	−2.37	7¼-8¼ dis	−3.04
France	10.21-10.31	10.23¾-10.24¾	58-64c dis	−72.06	70-76 dis	−28.51
Sweden	11.18½-11.26½	11.20½-11.21½	¼ore pm-¼ dis	0.07	½-1¼ dis	−0.31
Japan	356-361	357¼-358¼	1.50-1.30y pm	4.70	4.10-3.90 pm	4.47
Austria	25.27-25.47	25.35-25.40	13¼-11½gro pm	5.85	35¼-30¼ pm	5.18
Switz.	3.07½-3.11½	3.08¼-3.09¼	2½-2c pm	8.73	6¼-5¾ pm	7.76

Belgian rate is for convertible francs. Financial franc 75.00-75.10. Six-month forward dollar 1.30-1.25c pm. 12-month 1.90-1.75c pm.

THE DOLLAR SPOT AND FORWARD

March 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4990-1.5120	1.5000-1.5010	0.33-0.28c pm	2.44	0.82-0.77 pm	2.12
Ireland†	1.3756-1.3860	1.3755-1.3770	0.75-0.65c pm	0.09	1.83-1.78 pm	5.38
Canada	1.2230-1.2250	1.2240-1.2250	0.07-0.10c dis	−0.83	0.13-0.16dis	−0.47
Nethlnd.	2.6480-2.6636	2.6615-2.6636	1.13-1.03c pm	4.87	3.10-3.00 pm	4.59
Belgium	47.10-47.40	47.38-47.40	60-70c dis	−16.46	90-100 dis	−8.02
Denmark	8.5950-8.6850	8.6650-8.6750	4¼-5¼ore dis	−8.58	11.10-12.10d	−5.38
W. Ger.	2.3890-2.4070	2.4010-2.4020	0.89-0.84pf pm	4.32	2.55-2.50 pm	4.20
Portugal	93.00-96.00	93.50-95.00	500-1100c dis	−102.13	700-1700dis	−51.06
Spain	131.25-131.60	131.45-131.55	135-185c dis	−14.69	425-500dis	−14.06
Italy	1,412-1,424	1,421½-1,422½	23-26 lire dis	−20.69	53-56 dis	−15.34
Norway	7.1340-7.1780	7.1625-7.1725	2½-3ore dis	−4.60	8½-9 dis	−4.88
France	6.8200-6.8850	6.8250-6.8300	38-43c dis	−70.90	47-52 dis	−28.88
Sweden	7.4300-7.4850	7.4525-7.4625	1.10-1.60ore dis	−2.17	3.30-3.80dis	−1.90
Japan	238.25-238.90	238.25-238.35	0.45-0.40y pm	2.14	1.44-1.38 pm	2.35
Austria	16.80-16.88	16.86-16.87	5.20-4.40gro pm	3.41	14½-12½ pm	3.23
Switz.	2.0410-2.0640	2.0585-2.0595	0.98-0.94c pm	5.62	2.88-2.83 pm	5.55

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 49.95-50.05.

EXCHANGE CROSS RATES

Mar. 8	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.501	3.605	357.8	10.243	3.095	3.998	2101.	1.837	71.15
U.S. Dollar	0.666	1.	2.403	238.4	6.826	2.061	2.664	1400.	1.224	47.48
Deutschemark	0.277	0.416	1.	99.24	2.841	0.858	1.109	591.1	0.510	19.74
Japanese Yen 1,000	2.796	4.194	10.08	1000.	28.63	8.644	11.17	5957.	5.135	198.0
French Franc 10	0.976	1.465	3.520	349.3	10.	3.019	3.900	2051.	1.794	69.47
Swiss Franc	0.323	0.485	1.166	115.7	3.312	1.	1.293	689.1	0.594	23.01
Dutch Guilder	0.250	0.370	0.902	89.48	2.569	0.774	1.	530.1	0.460	17.80
Italian Lira 1,000	0.469	0.704	1.692	167.0	4.806	1.451	1.876	1000.	0.863	33.39
Canadian Dollar	0.544	0.817	1.962	194.7	5.576	1.683	2.176	1150.	1.	38.73
Belgian Franc 100	1.406	2.109	5.067	508.8	14.40	4.346	5.619	2995.	2.582	100.

FINANCIAL FUTURES

Hit by Opec nerves

Sterling-related contracts on the London International Financial Futures Exchange suffered from nervousness about the Opec conference, and the possible ill effects of an unsatisfactory conclusion on the value of the pound. The June long-term gilt contract opened 10/32 lower at 103-18, and touched a low of 103-10 after the oil minister from the United Arab Emirates was quoted as saying he was not optimistic about an Opec agreement. Various other rumours and comments kept the cash gilt market very nervous, and after a mid-morning rally prices slumped to show falls of up to £¾ on the day. The June gilt price touched a low of 103-10 on Liffe, and closed ½ lower on the day at 103-13, but this did not fully reflect the late weakening of the pound on the foreign exchanges.

The short-term sterling deposit opened 6 points lower at 89.89 for June delivery, and was sold off late in the day to finish 18 points down at 89.77. The UK provisional M3 money supply increase for February was slightly better than expected, but any help to market sentiment was offset by nervousness about a possible strike by the National Union of Mineworkers. Traders who until recently have been confident that London interest rates would not be increased despite the weakness of the pound were showing signs of second thoughts yesterday afternoon, but admitted that sentiment could very quickly turn towards lower rates once again.

The June Eurodollar contract finished 10 points down at 90.92, little changed from the opening, depressed by firm Federal funds and Eurodollar interest rates. An attempt at a small rally fizzled out when Chicago opened as sellers, and trading was generally in a narrow range, lacking news and a clear direction.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
March	90.25	—	—	91.31
June	90.92	90.97	90.90	91.02
Sept	90.71	90.78	90.71	90.82
Dec	90.51	90.57	90.50	90.63
March	—	—	—	—
June	90.18	—	—	—

Volume 1,407 (1,483)
Previous day's open int. 3,163 (3,059)

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

	Close	High	Low	Prev
March	89.03	89.08	89.03	89.10
June	89.77	89.90	89.77	89.95
Sept	90.02	90.20	90.00	90.24
Dec	90.05	90.20	90.00	90.30

Volume 885 (513)
Previous day's open int. 2,203 (2,308)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
March	103-19	103-28	103-12	103-28
June	103-13	103-26	103-10	103-26
Sept	102-31	103-13	102-24	103-09

Volume 1,106 (1,260)
Previous day's open int. 1,893 (1,912)
Basis quote (clean cash price of 13½% Treasury 1998 less equivalent price of June futures contract) 20 to 28 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	—	—	—	1.5172
June	1.4975	1.5020	1.4970	1.5075
Sept	—	—	—	1.5005
Dec	—	—	—	—

Volume 179 (121)
Previous day's open int. 552 (572)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	—	—	—	0.4181
June	0.4210	0.4226	0.4207	0.4231
Sept	—	—	—	0.4271
Dec	—	—	—	—

Volume 135 (206)
Previous day's open int. 170 (218)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	—	—	—	0.4912
June	0.4926	0.4965	0.4918	0.4984
Sept	—	—	—	0.5049
Dec	—	—	—	—

Volume 125 (49)
Previous day's open int. 421 (437)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	—	—	—	0.4255
June	0.4221	0.4250	0.4221	0.4276
Sept	0.4265	0.4265	0.4260	—
Dec	—	—	—	—

Volume 203 (75)
Previous day's open int. 379 (434)

NEW YORK

U.S. TREASURY BONDS (CBT)

	Latest	High	Low	Prev
March	76-13	77-01	76-06	76-28
June	75-23	76-13	75-18	76-08
Sept	75-06	75-30	75-00	75-24
Dec	74-25	75-10	74-20	75-11
March	74-10	75-01	74-10	74-31
June	73-31	74-24	73-31	74-21
Sept	73-25	74-15	73-25	74-12
Dec	73-17	74-07	73-17	74-04
March	73-11	73-28	73-11	73-30
June	73-05	73-22	73-05	73-24

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	91.75	91.86	91.70	91.87
June	91.69	91.88	91.67	91.87
Sept	91.48	91.67	91.48	91.66
Dec	91.24	91.44	91.24	91.41
March	91.04	91.20	91.03	91.17
June	90.85	90.99	90.84	90.97
Dec	90.55	90.56	90.49	90.58

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	90.81	90.73	90.80	90.74
March	91.39	91.56	91.37	91.53
June	91.02	91.29	91.00	91.27
Sept	90.79	91.01	90.79	91.00

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	90.72	90.85	90.69	90.89
June	90.48	90.69	90.47	90.69
Sept	90.27	90.45	90.27	90.45
Dec	90.06	90.21	90.06	90.21
Feb	—	—	—	—

STERLING (IMM) $s per £

	Latest	High	Low	Prev
March	1.4975	1.5080	1.4940	1.5126
June	1.4885	1.4985	1.4840	1.5040
Sept	1.4836	1.4960	1.4830	1.5010
Dec	1.4830	1.4920	1.4780	1.4980
March	1.4800	1.4850	1.4770	1.4970
June	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	69-19	70-10	69-16	70-03
June	88-19	89-17	88-15	89-05
Sept	67-23	68-14	67-21	68-20
Dec	67-03	67-26	67-03	67-20
March	66-21	67-09	66-20	67-04
June	66-06	66-22	66-04	66-22
Sept	66-00	66-17	65-27	66-13
Dec	65-19	66-08	65-10	66-02
March	—	—	—	65-27
June	—	—	—	—
Sept	—	—	—	—
Dec	—	—	—	—

MONEY MARKETS

UK rates edge nervously higher

UK clearing bank base lending rate 11 per cent (since January 12 and 13)

UK interest rates were a little firmer in places yesterday in nervous trading. However there appeared to be little real upward pressure with rates reflecting current uncertainty over oil prices, the value of sterling and a firmer look to U.S. rates. Short term rates finished quite high with funds in short supply at the end of the day. Overnight money opened at 11½-11¾ per cent and eased initially to 11-11½ per cent before rising to 12 per cent. After a brief dip to 11½ per cent funds were bid all the way up to 50 per cent.

The Bank forecast a shortage of around £350m with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills −£185m and the unwinding of previous sale and repurchase agreements −£309m. On the other hand Exchequer transactions added £60m to the system and there was a fall in the note circulation of £60m. The Bank gave assistance in the morning of £111m comprising purchases of £5m of eligible bank bills in band 1 (up to 14 days) and £106m in band 2 (15-33 days) all at 11 per cent. Further help in the afternoon amounted to £96m, making a grand total of £207m. The afternoon help comprised purchases of £2m of eligible bank bills in band 1 and £94m in band 2 all at 11 per cent.

In Frankfurt call money was quoted at 5.80-5.90 per cent as the market awaited the effects of some DM 3bn of maturing currency swaps. Some of this will be offset by currency inflows resulting from recent Bundesbank intervention in currency markets to support weaker members of the EMS. Current strength of the D-mark has increased market hopes of a cut in key lending rates at the Bundesbank's next central council meeting due on March 17.

In Brussels the Belgian central bank increased its discount rate to 14 per cent from 11.5 per cent. Its Lombard rate was also increased to 15 per cent from 12.5 per cent. This was seen as direct result of recent speculative pressure on the Belgian franc. Now that the West German elections are over, expectations of an EMS currency realignment have risen sharply although there have been repeated assertions from the Belgian Finance Ministry that the Government would not devalue the franc. Yesterday's announcement also included an increase in short-term Treasury certificates to 15 per cent.

LONDON MONEY RATES

Mar. 8 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Elig'ble Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11.50	—	—	—	11½-11¾	10½-11¼	—	—	—
2 days notice	—	—	11-11⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	11⅛	—	—	—	—
7 days notice	—	11⅜-11⅝	11-11¼	—	—	11⅝	11-11¼	—	—	—
One month	11⅜-11¼	11¼-11[illegible]	11⅛-11¼	11⅞-11⅝	11⅜	11⅜	11	11[illegible]	11[illegible]	11[illegible]
Two months	11¼-11⅛	11⅛-11[illegible]	11¼	11⅝-11⅜	11¼	11⅛	10⅞-11	10[illegible]	10[illegible]-10[illegible]	11[illegible]
Three months	11[illegible]-11[illegible]	11[illegible]-11¼	11⅛	11⅛-11¼	11[illegible]	—	10¾-10[illegible]	10⅞	10[illegible]-10⅞	11[illegible]
Six months	10⅞-10¾	10⅞-11	11	10⅞-10¾	11	—	—	—	10[illegible]-10[illegible]	11
Nine months	10[illegible]-10⅝	10¾-10⅞	—	11⅛-10⅞	10⅞	—	—	—	—	—
One year	10[illegible]-10⅝	10⅝-10⅞	10¾-10⅞	10⅞-10⅝	10¾	—	—	—	—	—
Two years	—	—	10⅝-10¾	—	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period February 2 to March 1 1983 (inclusive) 11.391 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11-11⅛ per cent; four years 11¼-11⅜ per cent; five years 11⅜-11½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rate for four month bank bills 10[illegible]-10¾ per cent; four months trade bills 11[illegible] per cent.

Approximate selling rate for one month Treasury bills 11 per cent; two months 10[illegible] per cent; and three months 10¾ per cent. Approximate selling rate for one month bank bills 11 per cent; two months 10⅞ per cent; and three months 10[illegible]-10[illegible] per cent; trade bills 11[illegible] per cent; two months 11[illegible] per cent and three months 11[illegible] per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11½ per cent from March 1 1983. London and Scottish Clearing Bank Rates for lending 11 per cent. London Deposit Rates for sums at seven days' notice 9 per cent.

Treasury Bills: Average tender rate of discount 10.7233 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held one month 11½ per cent; one-three month 11¼ per cent; three-six month 11 per cent; six-12 month 10¾ per cent. Under £100,000 10½ per cent from March 7. Deposits held under Series 3-5 10¾ per cent. The rate for all deposits withdrawn for cash 8½ per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES
(Market closing rates)

Mar. 9	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	11½-11⅝	11¼-11½	11[illegible]-11[illegible]	11[illegible]-11[illegible]	11[illegible]-11[illegible]	10⅞-11
U.S. Dollar	9⅞-9⅛	9⅞-9⅛	8⅞-9⅛	9-9¼	9[illegible]-9[illegible]	9¼-9½
Can. Dollar	10½-11½	9½-10½	9[illegible]-9⅞	9⅝-9⅞	9⅝-9⅞	9¼-9½
D. Guilder	4[illegible]-4[illegible]	4⅜-4⅝	4[illegible]-4[illegible]	4½-4⅝	4[illegible]-4[illegible]	4[illegible]-5[illegible]
S. Franc	10¾-11¼	4¼-4½	3¼-3[illegible]	3⅛-3⅜	3[illegible]-3[illegible]	3[illegible]-3⅛
Deutschm'rk	5[illegible]-5[illegible]	5¼-5[illegible]	4[illegible]-5[illegible]	4[illegible]-5[illegible]	5-5⅛	5[illegible]-5[illegible]
Fr'nch Franc	150-250	125-200	70-80	36-41	26-28	21-23
Italian Lira	17-19½	36-40	30-32	24⅝-25⅝	22-22⅝	21⅛-22⅛
Belg. Franc Conv.	13½-16	31-41	24-27	17-18½	15-19	13¾-13¾
Fin.	—	—	14¾-16	14⅝-15	13¾-14¼	13½-14
Yen	6¾-7	6[illegible]-6[illegible]	6[illegible]-6[illegible]	6[illegible]-6[illegible]	6⅛-6¼	6⅜-6⅝
D. Krone	14¼-15½	—	20¾-20¼	19-20	17-18	—
Asia $ (Sing.)	9-9⅛	9-9⅛	8[illegible]-9[illegible]	9[illegible]-9[illegible]	9[illegible]-9[illegible]	9¼-9⅜

FT LONDON INTERBANK FIXING
(11.00 a.m. MARCH 9)

6 month U.S. dollars		3 months U.S. dollars	
bid 9 1/16	offer 9 3/16	bid 9 1/8	offer 9 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	10½
Fed funds (lunch-time)	8⅞-9⅛
Treasury bills (13-week)	8.28
Treasury bills (26-week)	8.25

GERMANY

Lombard	8.0
Overnight rate	5.85
One month	5.65
Three months	5.45
Six months	5.375

FRANCE

Intervention rate	12.5
Overnight rate	12.875
One month	13.125
Three months	13.125
Six months	12.75

JAPAN

Discount rate	5.5
Call (unconditional)	6.84375
Bill discount (3-month)	6.84375

SWITZERLAND

Discount rate	4½
Overnight rate	2-3
One month	3½-3¾
Three months	3½-3¾

NETHERLANDS

Discount rate	4
Overnight rate	4¼-4½
One month	4¼-4½
Three months	4¼-4½
Six months	4½-4¾

$ CERTIFICATES OF DEPOSIT

One month	8.60-8.70
Three months	8.60-8.70
Six months	8.80-8.90
One year	8.80-9.00

LONG TERM EURO $

Two years	10⅛-10⅜
Three years	10½-10¾
Four years	11-11¼
Five years	11¼-11½

SDR LINKED DEPOSITS

One month	13⅛-13[illegible]
Three months	10⅛-10[illegible]
Six months	9¾-10
One year	9[illegible]-9[illegible]

ECU LINKED DEPOSITS

One month	19½-19⅞
Three months	12⅛-12⅝
Six months	11⅝-12
One year	10½-11

London Clearing Banks' balances

as at February 16 1983

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the bank of England. They are prepared by the London clearing banks and cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the monetary sector.

TABLE 1. AGGREGATE BALANCES

	Total outstanding £m	£m	Change on month £m	£m
LIABILITIES				
Sterling deposits:				
UK monetary sector	17,948		− 27	
UK private sector	50,097		− 571	
UK public sector	1,346		− 79	
Overseas residents	7,273		+ 8	
Certificates of deposit	4,710		+ 611	
		81,383		− 159
of which: Sight		25,092		− 395
Time (inc. CD's)		56,291		+ 236
Foreign currency deposits:				
UK monetary sector	15,991		+ 305	
Other UK residents	3,723		+ 85	
Overseas residents	35,740		+1,056	
Certificates of deposit	6,493		+ 214	
		61,947		+1,659
Total deposits		143,330		+1,500
Other liabilities*		16,392		− 339
TOTAL LIABILITIES		159,722		+1,161
ASSETS				
Sterling				
Cash and balances with Bank of England		1,191		− 81
Market loans:				
Discount houses	3,155		+ 33	
Other UK monetary sector	15,256		− 77	
Certificates of deposit	1,855		+ 177	
Local authorities	1,283		− 12	
Other	1,044		+ 15	
		22,592		+ 136
Bills:				
Treasury bills	64		− 37	
Other bills	1,367		+ 28	
		1,431		− 9
Special deposits with Bank of England		—		—
Investments:				
British Government stocks	2,623		− 166	
Other	2,966		+ 78	
		5,589		− 88
Advances:				
UK private sector	52,209		+ 457	
UK public sector	456		+ 47	
Overseas residents	3,361		− 558	
		56,025		− 54
Other sterling assets*		8,585		− 541
Foreign currencies				
Market loans:				
UK monetary sector	16,382		+ 395	
Certificates of deposit	653		+ 41	
Other	24,859		+ 753	
		41,894		+1,189
Bills		131		+ 9
Advances:				
UK private sector	3,837		+ 85	
UK public sector	528		+ 18	
Overseas residents	14,287		+ 191	
		18,653		+ 294
Other foreign currency assets*		3,631		+ 307
TOTAL ASSETS		159,722		+1,161
Acceptances		2,983		− 32
Eligible liabilities		59,452		− 134

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Out-standing £m	TOTAL Change on month £m	BARCLAYS Out-standing £m	BARCLAYS Change on month £m	LLOYDS Out-standing £m	LLOYDS Change on month £m	MIDLAND Out-standing £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Out-standing £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Out-standing £m	WILLIAMS & GLYN'S Change on month £m
LIABILITIES												
Total deposits	143,330	+1,500	38,343	+ 10	28,002	+234	28,750	+551	44,418	+625	3,816	+ 80
ASSETS												
Cash and balances with Bank of England	1,191	− 81	361	− 18	191	− 67	229	− 2	359	− 9	52	+ 15
Market loans:												
UK monetary sector	34,793	+350	8,052	−170	7,336	− 28	4,066	+173	14,588	+299	750	+ 75
Other	29,693	+974	7,731	+221	6,021	+373	6,517	+ 44	8,625	+345	798	− 9
Bills	1,561	—	452	− 51	490	+ 62	211	− 7	373	+ 4	36	− 7
British Government stocks	2,623	−166	996	+ 2	450	—	724	−117	371	− 50	82	—
Advances	74,678	+240	21,399	− 87	14,325	− 8	15,694	+105	21,092	+212	2,168	+ 19

TABLE 3. INDIVIDUAL GROUPS OF BANKS' ELIGIBLE LIABILITIES

	TOTAL		BARCLAYS		LLOYDS		MIDLAND		NATIONAL WESTMINSTER		WILLIAMS & GLYN'S	
ELIGIBLE LIABILITIES	59,452	−134	18,614	−184	11,136	+ 4	11,358	+170	16,602	−122	1,741	− 2

Authorised Units—continued

[illegible]

Insurances—continued

[illegible]

Henderson Administration
11 Austin Friars, London EC2. 01-588 3622
High Inc Fd 131.8 138.5 +0.8
Gilt Edg Fd 96.2 101.3 0.0
Co Gwth Fd 138.0 146.1 +0.4
Technology 146.0 153.6 −1.0
Nat Res'ces 113.6 119.6 −1.6
Spec Sits Fd 178.4 188.7 +0.9
N Amer Fd 207.4 218.8 +0.1
Far East Fd 149.8 157.8 −1.2
Prop Fd 171.4 180.5 +0.2
Managed Fd 171.2 180.6 −0.2
Deposit Fund — —
Prime Rs Fp — —

TSB Life Ltd
PO Box 3, Keens Hse. Andover. Hants.
Managed Fd 95.0 100.0
Property Fd 95.0 100.0
Fixed Int Fd 95.0 100.0
Equity Fund 95.5 100.6 +0.6
Money Fund 95.0 100.1 +0.2

Offshore and Overseas—continued

Perpetual U.T. Managers (Jersey) Ltd
PO Box 450, St Helier, Jersey. 0534 74517
Offshr Gwth 100.0 106.9 +2.8 2.0

Rothschild Asset Management (C.I.)
St Julian's Ct. St Peter Pt. Guernsey. 0481 26741
OC International Reserves Ltd
Bel Frs (Fie) BFr823.51 +0.230 10.87
Canadian $ C$85.52 +0.005 8.39
D-Mark DM59.90 +0.005 4.87
Dutch Guilder F109.820 +0.005 3.56
French Frs FFr180.12 +0.090 21.18
Italian Lire L34.212 +17 18.16
Japanese Yen Y6,120.17 +0.990 5.78
Singapore $ 0561.665 +0.015 7.43
£ Sterling £16.789 +0.004 10.48
Swiss Francs SFr55.18 +0.002
U.S. $ $20.285 +0.005 8.10
Daily dealings.
For other Rothschild Offshore Funds see Offshore and Overseas section.

Schroder Mngt Services (Jersey) Ltd
PO Box 195, St Helier, Jersey. 0534 27561
Schroder Money Funds Ltd
Sterling £13.4228
U.S. Dollar US$25.226
Deutschmark DM50.2468
Swiss Franc SFr50.0665

EDUCATIONAL